

Potential of the Proposed Pakistan – Thailand Free Trade Agreement

Market Access Series



October 2020



Potential of the Proposed Pakistan – Thailand Free Trade Agreement

MARKET ACCESS SERIES

October 2020

The Pakistan Business Council (PBC)

Table of Contents

Acknowledgements	viii
The Pakistan Business Council: An Overview	ix
The PBC's Founding Objectives	x
PBC Member Companies	xi
Acronyms	xiii
Executive Summary	1
Recommendations	6
Chapter 1 Introduction	7
1.1 Background	7
1.2 Economic and Social Indicators	8
Chapter 2 Comparison of Global Economic Indicators	12
2.1 Market Potential Index (MPI)	12
2.2 Global Innovation Index (GII)	13
2.3 Global Competitiveness Index (GCI)	14
2.4 Logistics Performance Index (LPI)	15
2.5 Ease of Doing Business Indicator	16
2.6 Trade Facilitation Agreement (TFA)	17
Chapter 3 Trade Profiles	18
3.1 Pakistan – Trade Overview	18
3.1.1 Impact of COVID-19 on Trade	25
3.2 Thailand – Trade Overview	28
3.2.1 Impact of COVID-19 on Trade	35
Chapter 4 Trade Policies	37
4.1 Pakistan	37
4.2 Thailand	38
Chapter 5 Pakistan – Thailand Bilateral Trade	40
5.1 Trade Trends	40
5.1.1 Pakistan – Thailand Bilateral Trade, 2010–19	40
5.1.2 Pakistan's Trade with Thailand in Last Ten Years	41
5.1.3 Importance of Pakistan – Thailand Bilateral Trade	42
5.1.4 Compound Annual Growth Rate in Bilateral Trade	42
5.1.5 Discrepancies in Bilateral Trade Data	43
5.1.6 Trade Complementarity Index (TCI)	45
5.1.7 Trade Intensity Index (TII)	46
5.2 Comparative Advantages of Pakistan and Thailand	47
5.2.1 Revealed Comparative Advantage (RCA)	47
5.2.2 Revealed Market Access Index (RMA)	49

	5.3 Pakistan and Thailand Bilateral Trade – By Product	52
	5.3.1 Pakistan’s Top 10 Exports to Thailand at HS-02 Level	52
	5.3.2 Pakistan’s Top 25 Exports to Thailand at HS-06 Level	54
	5.3.3 Share in Thailand’s Imports for Pakistan’s Top 25 Global Exports at HS-06 Level	57
	5.3.4 Composition of Pakistan’s Exports to Thailand (2019)	59
	5.3.5 Pakistan’s Top 10 Imports from Thailand at HS-02 Level	60
	5.3.6 Pakistan’s Top 25 Imports from Thailand at HS-06 Level	61
	5.3.7 Share in Thailand’s Exports for Pakistan’s Top 25 Global Imports at HS-06 Level	63
	5.3.8 Composition of Pakistan’s Imports from Thailand (2019)	65
Chapter 6	Pakistan – Thailand Potential Trade	66
	6.1 Indicative Trade Potential	66
	6.1.1 Pakistan’s High Potential Exports to Thailand at HS-06 Level	66
	6.1.2 Thailand’s High Potential Exports to Pakistan at HS-06 Level	69
	6.2 Bilateral Revealed Comparative Advantage	72
	6.2.1 Pakistan’s BRCA over Thailand at HS-06 Level – 2019	72
	6.2.2 Thailand’s BRCA over Pakistan at HS-06 Level – 2019	74
Chapter 7	Industry Analysis	76
	7.1 Pakistan’s Seafood and Fisheries’ Sector	76
	7.1.1 Trade Potential for Pakistan to Export Seafood to Thailand (2019)	78
	7.1.2 Competitor Analysis	81
	7.1.3 Non-Tariff Barriers (NTBs) Imposed by Thailand	84
	7.1.4 Pakistan’s Vision East Asia and Exports of Seafood	85
	7.2 Trade in Textiles in a Pakistan – Thailand FTA	88
	7.2.1 Thailand’s Imports of Textile Articles (HS 50-63)	90
	7.2.2 Thailand’s Imports of Textile Articles from Pakistan (HS 50-63)	93
	7.3 Thailand’s Automotive Industry	96
	7.3.1 Comparison of Pakistan – Thailand Automotive Markets	100
	7.4 The Thai Auto Parts Industry	101
	7.4.1 Comparison of Pakistan – Thailand Auto Parts Markets	104
	References	107
	Annexure	110

List of Tables

Table 1-1 Comparison of Economic and Social Indicators	9
Table 2-1 Market Potential Index (MPI) – 2019	12
Table 2-2 Global Innovation Index (GII) – 2019	13
Table 2-3 Comparison of Global Competitiveness Indicators – 2019	14
Table 2-4 Components of Logistics Performance Index – 2018	15
Table 2-5 Trading Across Borders, Ease of Doing Business – 2020	16
Table 2-6 Comparison of Trade Facilitation Performance – 2019	17
Table 3-1 Pakistan’s Top 10 Exports at HS-02 Level	18
Table 3-2 Pakistan’s Top 25 Exports at HS-06 Level	19
Table 3-3 Pakistan’s Top 10 Imports at HS-02 Level	22
Table 3-4 Pakistan’s Top 25 Imports at HS-06 Level	23
Table 3-5 Thailand’s Top 10 Exports at HS-02 Level	28
Table 3-6 Thailand’s Top 25 Exports at HS-06 Level	29
Table 3-7 Thailand’s Top 10 Imports at HS-02 Level	32
Table 3-8 Thailand’s Top 25 Imports at HS-06 Level	33
Table 4-1 Non-Tariff Barriers (NTBs) imposed by Pakistan on the World	37
Table 4-2 Non-Tariff Barriers (NTBs) imposed by Thailand on the World	38
Table 5-1 Discrepancy in Export Data of Pakistan	43
Table 5-2 Discrepancy in Import Data of Pakistan	44
Table 5-3 Discrepancy in Import of Vehicles for Pakistan	45
Table 5-4 Pakistan’s Top 10 Revealed Comparative Advantages for sector wise product exports to World	48
Table 5-5 Thailand’s Top 10 Revealed Comparative Advantages for sector wise product exports to World	48
Table 5-6 Revealed Market Access Index of Pakistan’s Exports to Thailand	49
Table 5-7 Pakistan’s Top 10 Exports to Thailand at HS-02 Level	52
Table 5-8 Ad-Valorem Tariff Comparison at HS-02 Level – 2019	53
Table 5-9 Pakistan’s Top 25 Exports to Thailand at HS-06 Level	54
Table 5-10 Thailand’s Imports of Pakistan’s Top 25 Exported Products	57
Table 5-11 Pakistan’s Top 10 Imports from Thailand at HS-02 Level	60
Table 5-12 Pakistan’s Top 25 Imports from Thailand at HS-06 Level	61
Table 5-13 Thailand’s Exports of Pakistan’s Top 25 Imported Products	63
Table 6-1 Pakistan’s High Potential Exports to Thailand at HS-06 Level, 2019	66
Table 6-2 Thailand’s High Potential Exports to Pakistan at HS-06 Level, 2019	69
Table 6-3 Pakistan’s Bilateral Revealed Comparative Advantage over Thailand for Top 25 Items at HS-06, 2019	72
Table 6-4 Thailand’s Bilateral Revealed Comparative Advantage over Pakistan for Top 25 Items at HS-06, 2019	74
Table 7-1 Quantities of Seafood Products Exported (2015-19)	77
Table 7-2 Pakistan’s Trade Potential to Export Seafood to Thailand (2019)	78
Table 7-3 Thailand’s Top Import Sourcing Markets for Pakistan’s Potential Exports	81

Table 7-4 Average Unit Price Charged by the Top Suppliers to Thailand (2019)	82
Table 7-5 Export Competitiveness Index for HS-030617	84
Table 7-6 Non-Tariff Barriers (NTBs) imposed by Thailand on the world on import of HS-030617	84
Table 7-7 RCA Estimation Results of the Pakistani Fishery Export to ASEAN and Thailand (2019)	85
Table 7-8 Export Product Dynamics (EPD) Position Matrix Competitiveness.	85
Table 7-9 EPD Estimation Results of the Pakistani Fishery Export to ASEAN and Thailand (2019)	86
Table 7-10 The Market Development Strategy for Pakistani Fishery Products in Thailand and ASEAN markets during 2015-19	87
Table 7-11 Contribution of Textiles to the National Economy	88
Table 7-12 Pakistan's Top Destinations for Export of Textile Products (HS 50-63)	89
Table 7-13 Top Sourcing Markets for Thailand's Imports of Textile Products (HS 50-63)	89
Table 7-14 Thailand's Imports of Textile Articles (HS 50-63): A Comparison	90
Table 7-15 Thailand's Imports of Textile Articles from Pakistan, 2019 (HS 50-63)	93
Table 7-16 Foreign Investors - Manufacture of Motor Vehicles, Trailers and Semi-Trailers	97
Table 7-17 Thailand's Exports of Motor Vehicles and Parts (HS-8703) & (HS-8704)	98
Table 7-18 Exports of Vehicles (CBU) Engine Capacity-wise	99
Table 7-19 Top 10 Best Selling Models	100
Table 7-20 Motorization Rate	101
Table 7-21 Thailand's Trade Potential to Export Auto Parts to Pakistan (2019)	102
Table 7-22 Market Potential Index (MPI) for Automotive Parts Industry	104
Table 7-23 GLI of Products under the Auto Parts Sector	105
Table A-1: Tariff Lines under HS-03	111

List of Figures

Figure 1-1 Pakistan's GDP Composition (2019)	10
Figure 1-2 Thailand's GDP Composition (2019)	10
Figure 1-3 Pakistan's Balance of Trade and Exchange Rate	11
Figure 1-4 Thailand's Balance of Trade and Exchange Rate	11
Figure 3-1 Pakistan's Top Export Destinations, 2019	21
Figure 3-2 Pakistan's Top Import Sourcing Markets, 2019	25
Figure 3-3 Trade Dynamics of Pakistan post COVID-19	26
Figure 3-4 Export Dynamics of Pakistan post COVID-19	26
Figure 3-5 Import Dynamics of Pakistan post COVID-19	27
Figure 3-6 Thailand's Top Export Destinations, 2019	31
Figure 3-7 Thailand's Top Import Sourcing Markets, 2019	35
Figure 3-8 Trade Dynamics of Thailand post COVID-19	35

Figure 3-9 Export Dynamics of Thailand post COVID-19	36
Figure 3-10 Import Dynamics of Thailand post COVID-19	36
Figure 4-1 Number of New Interventions Implemented by Pakistan on Thailand	37
Figure 4-2 Thai Sectors Most Affected by Harmful Interventions by Pakistan	38
Figure 4-3 Thai Sectors Most Affected by Liberalizing Interventions by Pakistan	38
Figure 4-4 Number of New Interventions Implemented by Thailand on Pakistan	39
Figure 4-5 Pakistani Sectors Most Affected by Harmful Interventions by Thailand	39
Figure 4-6 Pakistani Sectors Most Affected by Liberalizing Interventions by Thailand	39
Figure 5-1 Pakistan – Thailand Bilateral Trade	40
Figure 5-2 Exports of Pakistan to Thailand, 2010-19	41
Figure 5-3 Imports of Pakistan from Thailand, 2010-19	41
Figure 5-4 Importance of Bilateral Trade for Pakistan and Thailand	42
Figure 5-5 Compound Annual Growth Rate, 2010–19	43
Figure 5-6 Pakistan’s Vehicle Imports from Thailand in 2019	44
Figure 5-7 Trade Complementarity Index (TCI)	46
Figure 5-8 Trade Intensity Index (TII)	47
Figure 5-9 Composition of Pakistan’s Exports to Thailand, 2019	59
Figure 5-10 Composition of Pakistan’s Imports from Thailand, 2019	65
Figure 7-1 Pakistan’s Exports of Fishery Products (2015-19)	76
Figure 7-2 Pakistan’s Exports of Fishery Products Pre- and Post- Trade Agreements	77
Figure 7-3 Compound Annual Growth Rates (2015-19)	83
Figure 7-5 Export Product Dynamic (EPD) Matrix	86
Figure 7-6 X-Model of Potential Export Product	87
Figure 7-7 Share of Textile Exports in Total Exports	88
Figure 7-8 Total Number of Vehicles Produced 2009-19	96
Figure 7-9 Total Car Production, Sales and Exports in Thailand, 2000-2019	97
Figure 7-10 Production of Motor Vehicles	100
Figure 7-11 Auto Parts Trade – Thailand, 2015-19	101
Figure 7-12 Export Destinations of Thai Auto Parts	101
Figure 7-13 Import Origins of Auto Parts in Pakistan	102

List of Box

Box A

Acknowledgements

Team Leader:
Samir S. Amir

Lead Researcher:
Nida Gulzar Siddiqui

Disclaimer

The findings, interpretations and conclusions expressed do not necessarily reflect the views of the Board of Directors and Members of the Pakistan Business Council or the companies they represent.

Any conclusions and analysis based on the data from ITC Trade Map, ITC Market Access Map, Pakistan Bureau of Statistics, Royal Thai Embassy (Islamabad, Pakistan), Federal Board of Revenue, Ministry of Finance, the World Bank, Asian Development Bank and World Integrated Trade Solution are the responsibility of the author(s) and do not necessarily reflect the opinion of the ITC, World Bank, or the Government of Pakistan. Although every effort has been made to cross-check and verify the authenticity of the data, the Pakistan Business Council, or the author(s), do not guarantee the data included in this work. All data and statistics used are correct as of 24th August, 2020 and may be subject to change.

For any queries or feedback regarding this report, please contact samir@pbc.org.pk or nida@pbc.org.pk.

The Pakistan Business Council: An Overview

The Pakistan Business Council (PBC) is a business policy advocacy platform, established in 2005 by 14 (now 83) of Pakistan's largest private-sector businesses and conglomerates, including multinationals. PBC businesses cover nearly all sectors of the formal economy. It is a professionally-run organization headed by a full-time chief executive officer.

The PBC is a not-for-profit entity, registered under Section 42 of the Companies Ordinance 1984. Though it is not required under the law to do so, the PBC follows to the greatest extent possible, the Code of Corporate Governance as applicable to listed companies.

The PBC is a pan-industry advocacy group. It is not a trade body nor does it advocate for any specific business sector. Rather, its key advocacy thrust is on easing barriers to allow Pakistani businesses to compete in regional and global arenas. The PBC conducts research and holds conferences and seminars to facilitate the flow of relevant information to all stakeholders in order to help create an informed view on the major issues faced by Pakistan.

The PBC works closely with relevant government departments, ministries, regulators and institutions, as well as other stakeholders including professional bodies, to develop consensus on major issues which impact the conduct of business in and from Pakistan. The PBC has submitted key position papers and recommendations to the government on legislation and other government policies affecting businesses. It also serves on various taskforces and committees of the Government of Pakistan as well as those of the State Bank, the SECP and other regulators with the objective to provide policy assistance on new initiatives and reforms.

The PBC's Founding Objectives

- To provide for the formation and exchange of views on any question connected with the conduct of business in and from Pakistan.
- To conduct, organize, set up, administer and manage campaigns, surveys, focus groups, workshops, seminars and fieldwork for carrying out research and raising awareness in regard to matters affecting businesses in Pakistan.
- To acquire, collect, compile, analyze, publish and provide statistics, data analysis and other information relating to businesses of any kind, nature or description and on opportunities for such businesses within and outside Pakistan.
- To promote and facilitate the integration of businesses in Pakistan into the World economy and to encourage in the development and growth of Pakistani multinationals.
- To interact with governments in the economic development of Pakistan and to facilitate, foster and further the economic, social and human resource development of Pakistan.

PBC Member Companies





Acronyms

ASEAN	Association of Southeast Asian Nations
BoP	Balance of Payments
BOT	Balance of Trade
BRCA	Bilateral Revealed Comparative Advantage
CAGR	Compound Annual Growth Rate
CBU	Completely Built-up Units
CIBER	Center for International Business Education and Research
COVID-19	Corona Virus Disease – 2019
CPEC	China-Pakistan Economic Corridor
CPFTA	China – Pakistan Free Trade Agreement
EAP	East Asia Pacific
ECI	Economic Complexity Index
ECI	Export Competitiveness Index
EEC	Eastern Economic Corridor
EOI	Export-Oriented Industrialization
EPD	Export Product Dynamic
FDA	Food and Drug Administration
FTA	Free Trade Agreement
GCI	Global Competitiveness Index
GDP	Gross Domestic Product
GII	Global Innovation Index
GLI	Grubel-Lloyd index
HS	Harmonized System
IIT	Intra-Industry Trade
ILO	International Labour Organization
ITC	International Trade Center
KCCI	Karachi Chamber of Commerce and Industry
LCR	Local Content Requirements
MNEs	Multinational Enterprises
MPI	Market Potential Index
MSU	Michigan State University
NTBs	Non-Tariff Barriers

OECD	Organisation for Economic Co-operation and Development
PATHFTA	Pakistan – Thailand Free Trade Agreement
PBC	Pakistan Business Council
PBS	Pakistan Bureau of Statistics
PES	Pakistan Economic Survey
PITAD	Pakistan Institute of Trade and Development
RCA	Revealed Comparative Advantage
RMA	Revealed Market Access
SPS	Sanitary and Phytosanitary
TAFTA	Thailand – Australia Free Trade Agreement
TBT	Technical Barriers to Trade
TCI	Trade Complementarity Index
TFA	Trade Facilitation Agreement
TII	Trade Intensity Index
TRAINS	Trade Analysis Information System
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
WITS	World Integrated Trade Solution
WTO	World Trade Organization

Executive Summary

Analysis and Findings

Pakistan established diplomatic ties with Thailand on October 10, 1951, four years after Pakistan became an independent country. Since then, there have been a number of high-level visits from both sides. The idea of a Pakistan – Thailand Free Trade Agreement (PATHFTA) was initially floated in early 2013. Since then, nine rounds of negotiations have taken place, with reportedly agreement on 98 percent of the terms of the FTA.¹ It is reported that both parties have shared their respective tariff reduction modalities and have agreed on the various protocols to the agreement including Sanitary and Phytosanitary Measures (SPS), Technical Barriers to Trade (TBT) and other chapters related to trade facilitation and customs procedures.² Thailand has submitted an offer list of around 200 items to be included under the proposed Free Trade Agreement (FTA) and is awaiting Pakistan's response.³ A Free Trade Agreement (FTA) between Pakistan and Thailand is currently expected to be signed in the coming months.⁴

This report **“Potential of the Proposed Pakistan – Thailand Free Trade Agreement (PATHFTA)”** is the fourth report in the Pakistan, Thailand FTA series and is part of the PBC's market access series. This report has been prepared based on the latest trade and economic data available and aims to see if there is any change in the competitiveness of Pakistan's economy and which may have given policy makers the optimism that Pakistan's manufacturing and other value-added sectors will be able to compete with the sophisticated products manufactured by Thai industry. In addition, the report identifies high potential Pakistani exports to Thailand which at the moment face tariff and non-tariff barriers and where gaining access for Pakistani exports will help reduce the trade deficit.

Thailand is a newly industrialized economy which depends heavily on exports. According to the World Bank, *“Thailand is one of the great development success stories. Due to smart economic policies it has become an upper middle-income economy and is making progress towards meeting the Sustainable Development Goals.”* On the contrary, the economy of Pakistan is semi-industrialized with agriculture as the major contributor to GDP, with centers of growth along the Indus River. Thailand has a much larger economy than Pakistan, with a GDP of \$452.75 billion in 2019. In the context of trade, Thailand trades approximately 6.5 times more than Pakistan. Thailand's global trade was worth \$485.52 billion, while Pakistan's global trade was worth \$73.95 billion in 2019. Moreover, Thailand has a higher openness to trade index⁵ of 110.3 percent compared to 30.4 percent for Pakistan in 2019.

	Pakistan		Thailand	
	2010	2019	2010	2019
GDP Per Capita (Current US\$)	987.40	1,284.70	5,076.30	7,808.20
Official Exchange Rate (LCU per US\$, Period Average)	85.20	150.00	31.70	31.00
Trade (Surplus/Deficit) (BoP, Current US\$) (Billions)	-11.96	-25.77	19.68	49.87
Population (Millions)	179.42	216.56	67.19	69.62

Source: World Development Indicators, The World Bank; UNDP.

Pakistan's trade balance has improved over the last one year; at the end of calendar year 2019, exports increased

1 Trade chief vows 2020 FTA progress. Retrieved from <https://www.bangkokpost.com/business/1813959/trade-chief-vows-2020-fta-progress>

2 FTA Department of Trade Negotiations, Thailand.

3 Thailand awaits Pakistan's progress on FTA: Thai envoy. Retrieved from <https://www.thenews.com.pk/print/551308-thailand-awaits-pakistan-s-progress-on-fta-thai-envoy>

4 Trade chief vows 2020 FTA progress. Retrieved from <https://www.bangkokpost.com/business/1813959/trade-chief-vows-2020-fta-progress>

5 Openness to Trade/Trade (% of GDP): It is calculated by dividing the aggregate value of imports and exports over a period by the gross domestic product for the same period.

by \$0.04 billion from \$23.78 billion in 2018 to \$23.82 billion. Imports declined by \$10.26 billion from \$60.39 billion in 2018 to \$50.13 billion in the same period. Pakistan's trade post-COVID-19 has fluctuated after the implementation of the 'The Great Lockdown.' Pakistan's imports decreased by 37.9 percent in dollar terms in April and May 2020 combined from the same period a year earlier. In contrast, exports dropped by 44.4 percent over the same period. Thailand, on the other hand, exported goods worth \$245.30 billion in 2019, down from \$249.92 billion in 2018. Thailand's imports fell, from \$251.01 billion to \$240.14 billion in the same period. Thailand is one of the several East Asia Pacific (EAP) countries that experienced larger than global average losses in exports. Thailand's exports decreased by 10.1 percent in dollar terms in April and May 2020 combined from the same period a year earlier.

Diplomatic relations between Pakistan and Thailand have improved over the past 70 years, and trade has also been increasing. The bilateral trade reached \$1.67 billion in 2018,⁶ which is the highest level. The 2018 volumes however could not be sustained and the value of bilateral trade declined by 13.6 percent to reach \$1.47 billion in 2019. Pakistan's exports to Thailand are increasing, but the bilateral trade is increasing in favor of Thailand. From Pakistan's perspective, it is important to resolve issues related to tariff and non-tariff barriers faced by Pakistani exporters to create a more favorable environment and a win-win situation for both countries.

Thailand's share in Pakistan's imports is far more significant than Pakistan's share in Thailand's imports for the period 2010-19. Nonetheless, even without a free trade agreement, Pakistan and Thailand share an important bilateral trade relation, with Thailand being Pakistan's 17th largest export destination and 10th largest import sourcing market. Similarly, Pakistan is Thailand's second-largest trading partner in South Asia after India.

There are differences in the trade values reported by Pakistan and Thailand. Pakistan's reported exports to Thailand for the year 2019 are lower than the mirror values reported by Thailand for the same year. This shows that exports destined for Thailand in all likelihood are under-invoiced.⁷ The highest discrepancy was recorded in the exports of '*Mineral fuels and Oils*' (HS-27) when Thailand's imports from Pakistan were reported as \$60.33 million, while Pakistan's exports to Thailand for the same product were reported as \$36.96 million. On the aggregate level, Pakistan's imports from Thailand appear to be under-invoiced. However, at the product level, the highest discrepancy was recorded in the imports of '*Vehicles and parts*' (HS-87) when Pakistan's imports from Thailand were reported as \$371.63 million. In comparison, Thailand's exports to Pakistan for the same product were reported as \$243.08 million.⁸

Furthermore, Thailand's exports complement Pakistan's imports better than Pakistan's exports complementing Thailand's imports. Over the span of four years from 2016 to 2019, Pakistan's exports have become increasingly complementary to Thailand's imports. Pakistan had a TCI of 21.05 in 2019, up from 18.67 in 2016, an increment of 2.38 points. The increment is an indication that over the last four years, the Thai import basket and Pakistani export basket have become more similar. Thai exports however have drifted in the opposite direction, with the TCI falling from 53.56 in 2016 to 47.57 in 2019.

The Revealed Comparative Advantage index, commonly referred to as the Balassa index, is used to compute a country's advantage (disadvantage) over others in a specific product group. The RCA index shows the countries' actual gains of trade based on their technological advancement and factor endowments. The index demonstrates that the two countries will produce more and consume less of a product for which they possess a comparative advantage in free trade. In 2019, Pakistan had a comparative advantage in 26 out of 99 commodity groups. Pakistan has a definitive comparative advantage in textile goods, agriculture and food products. Thailand is competitive in the export of food and vegetable products, mineral products and base metals.

The study performed by (Mamoon et al., 2011) from the Pakistan Institute of Trade and Development (PITAD)

6 Reporting country: Thailand

7 Under-invoicing: The act of deliberately recording a lower value on the invoice than the commodity's actual value.

8 Over-invoicing: The act of deliberately recording a higher value on the invoice than the actual value of the commodity.

computed Revealed Market Access (RMA) index to explore market access issues faced by the exporting country. Following the demand, there will be for the given product in the Thai market. An $RMA > 1$ shows that Pakistan has better access for the given product in the Thai market than other exporters to Thailand and relative to its revealed comparative advantage. An $RMA < 1$ suggests that Pakistan is not entering the Thai market at the rate that would be expected according to its global revealed comparative advantage. Pakistan faces more market access barriers in the Thai market compared to other exporters to Thailand.

Results of the indicative trade potential methodology have revealed that Pakistan could have potentially exported, \$766.63 million worth of goods to Thailand for the top 25 products at the HS-06 level in 2019 compared to actual exports of \$255.06 million during the same period. Thailand on the other hand, exported products worth USD 1.18 billion in 2019 to Pakistan, whereas the top 25 exports from Thailand at the HS-06 level had a total potential of USD 1.15 billion. The vast difference between Pakistan's actual and potential exports compared to the relatively smaller difference between Thailand's actual and potential exports is an indication of Thai products being more popular in the Pakistani market than Pakistan's exports in the Thai market.

The second methodology, the bilateral revealed comparative advantage (BRCA), provides a better idea in identifying the products in which either country has a comparative advantage. The BRCA of a particular commodity can then be used as a basis for incentivizing the related industry. Calculation of the BRCA for Pakistan's top 25 exports to Thailand, at the HS-06 level, has revealed Pakistan's edge in products with low value-addition, such as frozen seafood, plastics, and raw cotton. The calculation for Thailand's BRCA for its top 25 exports to Pakistan at the HS-06 level portrays Thailand's comparative advantage in high-value consumer and capital goods with a much higher value-addition such as CBU vehicles, auto-parts, and synthetic textiles.

Results of all three methodologies have revealed that Pakistan's overall trade balance is set to worsen post signing of an FTA with Thailand. According to the Express Tribune, former President of the Karachi Chamber of Commerce and Industry (KCCI) Muffasar Atta Malik talking about Pakistan, Thailand trade relations acknowledged that *"an FTA between the two countries would increase trade deficit for Pakistan. But if the government drafted the FTA intelligently, it would be beneficial for Pakistan as well. FTAs are signed to facilitate trade, but if we are unable to produce tradable goods, then the fault lies with us, not trade. Therefore, Pakistan should sign FTAs with countries where it is able to find markets for its products."*⁹

The data on the number of new interventions shows that, in 2019, Pakistan's government made around six policy interventions that were harmful to trade liberalization between Pakistan and Thailand.

This study does a brief analysis of Pakistan's Seafood sector. Pakistan exports large quantities of fish and fish products to Thailand, China, Malaysia, the Middle East, Sri Lanka, Japan, etc. Pakistan's seafood exports increased from 128,081 tons in 2015 to 205,752 tons in 2019. China's imports of fisheries from Pakistan increased after the signing of China – Pakistan Free Trade Agreement (CPFTA), from \$24.64 million in 2006 to \$91.78 million in 2019. This is partly due to Chinese companies working in Pakistan. Thai companies can also look for joint ventures in the fishery sector with special reference to the Halal Food sector.¹⁰ The total trade potential within the top 25 high potential products exported by Pakistan to Thailand at the HS-06-digit level is \$ 173.83 million. However, Pakistan exported \$66.98 million of those commodities to Thailand in 2019. Seven out of the top 25 products fall under 'Frozen fish' (HS-0303). Pakistan holds the potential to export \$72.99 million of these goods to Thailand.

9 Pakistan's exports to Thailand one-tenth of imports. (2018b, September 2). The Express Tribune. <https://tribune.com.pk/story/1793185/2-pakistans-exports-thailand-one-tenth-imports>

10 "Irfan Iqbal Sheikh said that Thailand had made substantial progress in Halal Food Exports in the last few years. "The LCCI has also identified the Halal Food as one of our priorities sectors where we can enhance our exports. We would certainly like to learn from your experience and also enter into Joint Ventures with your private sector companies in Halal Food sector", he added." Reporter, O. S. (2020, March 8). Thailand, Pakistan has the potential to make more trade, says Thai CG. The Nation. <https://nation.com.pk/08-Mar-2020/thailand-pakistan-have-potential-to-do-more-trade-says-thai-cg>

For imports of food products including animal products, the importers and consumers have to meet the requirements regulated by the Food and Drug Administration (FDA). All FDA registered goods are electronically screened before they enter Thailand. Moreover, in Thailand Technical Barriers to Trade (TBT) is mostly related to quality standards, inspections and testing.¹¹ Most measures fall under Sanitary and Phytosanitary Standards (SPS). Pakistan's exports cannot reap full benefits from any trade agreement unless they satisfy the health and safety concerns of the importing nations.¹²

Recognizing Pakistan as a significant exporter of aquatic animals, there seems to be a similar interest among the ASEAN countries in building new trade relations with Pakistan.¹³ For this purpose, the study has used Revealed Comparative Advantage (RCA), Export Product Dynamic (EPD), and X-Model methods. This procedure is adapted from (Luhur *et al.*, 2019).¹⁴ The EPD estimation results depict that Pakistani 'Crustaceans' (HS-0306) and 'Aquatic Invertebrates' (HS-0308) in Thailand, Malaysia, and Indonesia were falling in the 'Rising Star' position, which showed that Pakistan was able to meet the growing demand in these countries. Moreover, Pakistani 'Frozen Fish' (HS-0303), 'Fillets and Fish Meat' (HS-0304), and 'Molluscs' (HS-0307) acquired a 'Rising Star' position in the Thai market. To determine Pakistan's market development potential in Thailand and each ASEAN market under consideration, this study further used the X-Model of Potential Export Product method. The X-model estimates show that Thailand, Malaysia, and Indonesia indicate a positive and potential market development status, which means all three markets have a significant potential to develop the Pakistani fishery product market.

For textiles, Pakistan is the 23rd largest source country for Thailand with a share of 0.5 percent, along with a negative CAGR of 6.2 percent. As of 2019, Thailand imported \$5.40 billion worth of textile products from the world. Since textiles represents 25.0 percent of Pakistan's total exports to Thailand, signing a trade agreement could likely open up Thai textile market for Pakistani textile manufacturers. Items classified under 'Cotton' (HS-52) enjoyed a significant share of 16.5 percent in total textile imports of Thailand from Pakistan. A list of textile articles has been developed that PBC recommends being pushed for inclusion in the concession list in any possible future negotiations for a trade agreement with Thailand.

This study does a brief historical analysis of Thailand's manufacturing sector to show how a set of appropriate policies followed by the Thai government and its collaboration with the private sector resulted in the influx of large sums of FDI. From Thailand's export point-of-view, an analysis of two manufacturing industries, namely; the automobile industry and the auto parts industry has been conducted.

Thailand, is regarded as a major player in the global automotive sector. As of 2019, Thailand produced more than 2.0 million vehicles making it the 12th largest vehicle producer in the world. The Thai automotive sector is however dominated by Japanese brands, such as Toyota and Mitsubishi among many, who use the country as an export base. Thailand enjoys a unique-selling-point (USP) regarding the one-ton pickup and is the 2nd largest market after the USA.

Thailand exported \$28.96 billion worth of vehicles and parts (HS-87) in 2019, making it the 16th largest exporter in the world. As compared to Thailand's production of more than 2,014 thousand units vehicles in 2019, Pakistan's overall production was 187 thousand units. Vehicle ownership in Thailand is maturing with 226 vehicles per 1,000 population, indicating that domestic demand in the coming years will be driven primarily by the replacement market. In Pakistan, however, the rate of motorization is only 17 per 1,000 inhabitants indicating market development in the coming years.

11 Addressing non-tariff measures in ASEAN. Retrieved from: <https://www.econstor.eu/bitstream/10419/103850/1/768613337.pdf>

12 Fisheries Industry and Trade with China under CPFTA Phase 2. (2019). The Employers' Federation of Pakistan

13 Can CPEC help Pakistan revive its Vision East Asia Policy? Retrieved from: <https://southasianvoices.org/can-cpec-help-pakistan-revive-its-vision-east-asia-policy/>

14 Luhur, E. S., Mulatsih, S., & Puspitawati, E. (2019). Competitiveness Analysis of Indonesian Fishery Products in ASEAN and Canadian Markets. *Signifikan: Jurnal Ilmu Ekonomi*, 8(1), 105-120.

Unlike the automobile sector, Thailand's auto parts industry is relatively less export-oriented. Instead, its primary purpose is to complement the automobile industry. The success of the auto parts industry is mainly owing to the Local Content Requirement (LCR) policies pursued from 1975 to 1990. This policy resulted in foreign corporations setting up production in Thailand. As of 2019, Thailand exported auto parts worth \$18.39 billion against imports of \$17.88 billion. Pakistan's total imports of auto parts during the same period equaled \$841.17 million.

The automobile and the auto parts industry are not only vital for Thailand's export revenue but are relevant to the upcoming Pakistan – Thailand FTA. In case access is granted to Pakistan's auto & auto parts market for Thai manufacturers, Pakistan's domestic manufacturers will be unable to compete in any meaningful manner. Thailand's trade potential for top 25 products \$694.26 million in 2019. However, Thailand exported only \$146.91 million of those commodities to Pakistan.

Recommendations

The current tariff structure reveals that there is room for tariff cuts, for goods traded between the two countries. Pakistan could ask for 100 percent concession or the most concessionary tariffs for its top potential textile and seafood exports to Thailand. Since Pakistan is not among the primary source of textile articles for Thailand, but has a high potential to supply these products, provision of concessionary duties will make Pakistani products more competitive in the Thai market against zero-rated products of India, China, Japan, Australia and New Zealand.

“The Pakistan Business Council (PBC) recommends that Pakistan seek tariff access for its textile and seafood products or at least the same tariffs that Thailand applies on these products when imported from India, China, Japan, Australia and New Zealand. Once Pakistan has built sufficient presence in these categories, negotiations can be finalized for a free trade agreement”.

The PBC recommends the inclusion of the following products in the concession list in any possible future negotiation for a trade agreement with Thailand. This list has been created based on the products for which the CAGR for Thailand’s imports from Pakistan is greater than the CAGR of Thailand’s imports from the world and these products are in the list of the top 25 Thai imports from Pakistan.

Product Code	Product Label	Product Code	Product Label
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	620462	Women’s or girls’ trousers, bib and brace overalls, breeches and shorts of cotton (excluding ...)
630790	Made-up articles of textile materials, incl. dress patterns, n.e.s.	630900	Worn clothing and clothing accessories, blankets and travelling rugs, household linen and articles ...
520210	Cotton yarn waste, incl. thread waste	610990	T-shirts, singlets and other vests of textile materials, knitted or crocheted (excluding cotton)
611020	Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted ...	620342	Men’s or boys’ trousers, bib and brace overalls, breeches and shorts, of cotton (excluding ...)

While Thailand stands to benefit immediately from a reduction in tariffs for its major exports to Pakistan, Pakistan will need time to build capacity, mostly in the automotive sector to gain from an FTA. Officials should be extremely cautious in signing a free trade agreement with Thailand. Pakistani industries, may not be able to compete in a market exposed to low-cost imports from an industrial economy such as Thailand. The FTA would not only burden the Pakistani economy with deficits but probably lead to the manufacturing industry being forced out of business and more job losses than our economy can sustain.

The Pakistan Business Council (PBC) would like to restate its position that Pakistan needs to safeguard its manufacturing jobs. A country of 220 million at Pakistan’s stage of development, can ill-afford to out-source jobs especially in the low-end of the manufacturing sector. An FTA with Thailand, or for that matter with any country, should only be signed if it leads to incremental jobs, exports and additional revenue for the government.

Chapter 1

Introduction

1.1 Background

Pakistan established diplomatic ties with Thailand on October 10, 1951, four years after Pakistan became an independent country. Since then, there have been a number of high-level visits from both sides.

Due to their strategic locations, both countries serve as gateways to their respective regions – Pakistan to Central/West Asia and the Middle East, and Thailand to Southeast Asia. Mega infrastructures projects like the China–Pakistan Economic Corridor (CPEC) in Pakistan and the Eastern Economic Corridor (EEC) in Thailand are examples of the two countries looking for cross-regional economic cooperation and political integration. Currently, Pakistan is following a 'Vision East Asia' policy which is aimed at strengthening partnerships with the countries of East Asia and ASEAN; Thailand, on the other hand, has the 'Look West' policy, which is a vision of ASEAN members, and is aimed at engaging economically with India and other South Asian countries. These two policies complement each other and provide a comprehensive framework to advance a shared vision and to enhance bilateral cooperation between Pakistan and Thailand. It is felt that an FTA between the two countries will not only strengthen bilateral ties but will also serve as a baseline for multilateral and regional cooperation.

The idea of a Pakistan – Thailand Free Trade Agreement (PATHFTA) was initially floated in early 2013, when the Foreign Ministers of both countries met twice to discuss this idea. Since then, nine rounds of negotiations have taken place, with media reports indicating agreement on 98 percent of the terms of the FTA.¹⁵ It is reported that both parties have shared their respective tariff reduction modalities and have agreed on the various protocols to the agreement including Sanitary and Phytosanitary Measures (SPS), Technical Barriers to Trade (TBT) and other chapters related to trade facilitation and customs procedures.¹⁶ Thailand has submitted an offer list of around 200 items to be included under the proposed Free Trade Agreement (FTA) and is awaiting Pakistan's response.¹⁷ A Free Trade Agreement (FTA) between Pakistan and Thailand is currently expected to be signed in the coming months.¹⁸

Diplomatic relations between Pakistan and Thailand have improved over the past 70 years, and trade has been increasing. Bilateral trade reached \$1.67 billion in 2018,¹⁹ which is the highest recorded value. The 2018 volumes however could not be sustained and the value of the bilateral trade declined by 13.6 percent to reach \$1.47 billion in 2019. Pakistan's exports to Thailand are increasing, but the bilateral trade is increasing in favor of Thailand. From Pakistan's perspective, it is important to resolve issues related to tariff and non-tariff barriers faced by Pakistani exporters to create a more favorable environment and a win-win situation for both countries. According to the Express Tribune, former president of the Karachi Chamber of Commerce and Industry (KCCI) Muffasar Atta Malik talking about Pakistan, Thailand trade relations stated that *"an FTA between the two countries would increase the trade deficit for Pakistan. But if the government drafted the FTA intelligently, it would be beneficial for Pakistan as well. FTAs are signed to facilitate trade, but if we are unable to produce tradable goods, then the fault lies with us, not trade. Therefore, Pakistan should sign FTAs with countries where it is able to find markets for its products."*²⁰

15 Trade chief vows 2020 FTA progress. Retrieved from <https://www.bangkokpost.com/business/1813959/trade-chief-vows-2020-fta-progress>

16 FTA Department of Trade Negotiations, Thailand.

17 Thailand awaits Pakistan's progress on FTA: Thai envoy. Retrieved from <https://www.thenews.com.pk/print/551308-thailand-awaits-pakistan-s-progress-on-fta-thai-envoy>

18 Trade chief vows 2020 FTA progress. Retrieved from <https://www.bangkokpost.com/business/1813959/trade-chief-vows-2020-fta-progress>

19 Reporting country: Thailand

20 Pakistan's exports to Thailand one-tenth of imports. (2018b, September 2). The Express Tribune. <https://tribune.com.pk/story/1793185/2-pakistans-exports-thailand-one-tenth-imports>

In this regard, the Pakistan Business Council (PBC), which now represents 83 of Pakistan's largest companies, contributing 40 percent of the country's total export earnings and representing 11 percent of the national GDP, has been conducting studies to determine whether the Pakistan – Thailand Free Trade Agreement (FTA) is a feasible proposal. The PBC published a report titled *“A Study on the Feasibility of the Proposed Pakistan – Thailand Free Trade Agreement”* in 2015²¹ which concluded that a Pakistan – Thailand FTA does not appear to be a feasible move for Pakistan due to issues of institutional capacity and lack of resources in Pakistan. Moreover, Pakistan, which is suffering from premature de-industrialization, is not appropriately equipped to utilize an FTA with a strong industrial economy such as Thailand. A follow-up report titled, *“Second Review of the Feasibility of a Free Trade Agreement between Pakistan and Thailand”* was published in 2016.²² This report concluded that Thailand stands to benefit roughly four times more than Pakistan from an FTA.

Later in 2018, the PBC published a similar report titled *“A Review of the Proposed Pakistan Thailand Free Trade Agreement”* (third in the series), which highlighted the strengths of Thailand's manufacturing sector. The focus of the 2018 study was to give policymakers and stakeholders an idea of the differences in the manufacturing capabilities of the two countries. That report had concluded that Pakistani industries might not be able to compete in a market exposed to low-cost imports from an industrial economy such as Thailand. An FTA would only increase the trade deficit for Pakistan and create more job losses than Pakistan's economy could sustain. However, the PBC's efforts have been mostly overlooked by policy makers in Pakistan and media reports are now suggesting that both countries have agreed to sign a Free Trade Agreement (FTA) in 2020 or early 2021.

This report *“Potential of the Proposed Pakistan – Thailand Free Trade Agreement (PATHFTA)”* is the fourth report in the Pakistan, Thailand series and part of PBC's market access series. This report has been prepared based on the latest trade and economic data available and aims to see if there is any change in the competitiveness of Pakistan's economy and which may have given policy makers the optimism that Pakistan's manufacturing and other value-added sectors will be able to compete with the sophisticated products manufactured by the Thai industry. In addition, the report identifies high potential Pakistani exports to Thailand which at the moment face tariff and non-tariff barriers and where gaining access for Pakistani exports will help reduce the trade deficit.

1.2 Economic and Social Indicators

The table below shows a comparison of Pakistan and Thailand's economic and social indicators over time. Pakistan, officially the Islamic Republic of Pakistan, is located in South Asia with a GDP of \$256.73 billion in 2019. The country is bordered by India to the east, China to the northeast, Afghanistan to the north and Iran to the west. According to the Atlas of Economic Complexity Index (ECI), calculated by Harvard's Center for International Development, Pakistan is the 99th most complex economy in the world.²³ Historically the economy of Pakistan has been semi-industrialized with agriculture as a major contributor to GDP, with centers of growth along the Indus River. Over the decades, the services and industrial sectors have developed. In 2019, the country's GDP growth rate narrowed to 1.0 percent, after reaching a 11-year high of 5.8 percent in 2018. According to the World Bank, Pakistan's GDP growth is expected to shrink further as the COVID-19 pandemic impacts the economy beyond FY20. The Pandemic outbreak has brought economic activity to a near-halt. The country's labor-intensive industrial sector – textiles and apparel – got highly exposed to COVID-19 disruptions. However, according to the World Bank, *“Pakistan has important strategic endowments and development potential. The increasing proportion of Pakistan's youth provides the country with a potential demographic dividend and a challenge to provide adequate services and employment.”*²⁴ Pakistan is a larger country in terms of population,

21 The Pakistan Business Council (2015), A Study on the Feasibility of the Proposed Pakistan-Thailand Free Trade Agreement. <https://www.pbc.org.pk/research/a-study-on-the-feasibility-of-the-proposed-pakistan-thailand-free-trade-agreement/>

22 The Pakistan Business Council (2016), Second Review of the Feasibility of a Free Trade Agreement between Pakistan and Thailand. <https://www.pbc.org.pk/research/second-review-of-the-feasibility-of-a-free-trade-agreement-between-pakistan-and-thailand/>

23 The ECI is defined in terms of an eigenvector of a matrix connecting countries to countries, which is a projection of the matrix connecting countries to the products they export. Countries improve their ECI by increasing the number and complexity of the products they successfully export.

24 Overview. (n.d.). World Bank. Retrieved August 11, 2020, from <https://www.worldbank.org/en/country/pakistan/overview#1>

as compared to Thailand, and is classified as a lower-middle income country. With a population of over 200 million, a large and growing middle class, and a highly evolved services sector that contributes 54 percent to the GDP, Pakistan offers a huge market and an attractive investment environment for Thailand.²⁵

Thailand, officially the Kingdom of Thailand, is a country in Southeast Asia. The country shares boundaries with Laos to the northeast, Cambodia to the southeast, Malaysia to the south, and Myanmar (Burma) to the west. Thailand is the ninth-largest economy in Asia and the second-largest economy in Southeast Asia, after Indonesia.²⁶ Thailand is a newly industrialized economy which depends heavily on exports. According to the World Bank, “Thailand is one of the great development success stories. Due to smart economic policies it has become an upper middle-income economy and is making progress towards meeting Sustainable Development Goals.” The Kingdom of Thailand and the World Bank have endorsed a new Country Partnership Framework for Thailand, that supports Thailand’s 20 Year National Strategy (2017-2036). Thailand has a much larger economy than Pakistan, with a GDP of \$452.75 billion in 2019. In the context of trade, Thailand trades approximately 6.5 times more than Pakistan. Thailand’s global trade was worth \$485.52 billion, while Pakistan’s global trade was worth \$73.95 billion in 2019. Moreover, Thailand has a higher openness to trade index²⁷ of 110.3 percent compared to 30.4 percent for Pakistan in 2019.

Table 1-1 Comparison of Economic and Social Indicators

	Pakistan		Thailand	
	2010	2019	2010	2019
Economic Indicators				
GDP (Constant 2010 US\$) (Billions)	177.17	256.73	341.10	452.75
GDP Growth (Annual %)	1.6	1.0	7.5	2.4
GDP Per Capita (Current US\$)	987.40	1,284.70	5,076.30	7,808.20
Official Exchange Rate (LCU per US\$, Period Average)	85.20	150.00	31.70	31.00
Inflation, Consumer Prices (Annual %)	12.9	10.6	3.2	0.7
Trade (% of GDP)	32.9	30.4	127.3	110.3
Trade (Surplus/Deficit) (BoP, Current US\$) (Billions)	-11.96	-25.77	19.68	49.87
Current Account Balance (BoP, Current US\$) (Billions)	-1.35	-7.14	11.48	37.91
FDI, Net Inflows (BoP, Current US\$) (Billions)	2.02	2.21	14.74	6.31
Social Indicators				
Population (Millions)	179.42	216.56	67.19	69.62
Population Growth (Annual %)	2.2	2.0	0.5	0.3
Age dependency ratio (% of working-age population)	72.2	65.0	39.0	41.3
Infant Mortality rate (per 1,000 live births)	70.4	-	11.5	-
Adult Literacy Rate (%)	55.4	-	96.4	-
Human Development Index (HDI) – (value)	-	0.56	-	0.76
Human Development Index (HDI) – (rank)	-	152	-	77
Labour Market				
Labour Force (Millions)	57.62	73.94	38.93	38.99
Labour Force Participation Rate (ILO estimate)	53.6	54.6	77.2	74.7
Unemployment Rate (ILO estimate)	0.7	4.5	0.6	0.8
Employment to Population Ratio (ILO estimate)	51.2	50.2	71.3	66.8

Source: World Development Indicators, The World Bank; UNDP.

25 Business with Thailand. Thai – Pakistan Chamber of Commerce. Retrieved from <http://www.tpcc.or.th/general-information-with-thailand/>

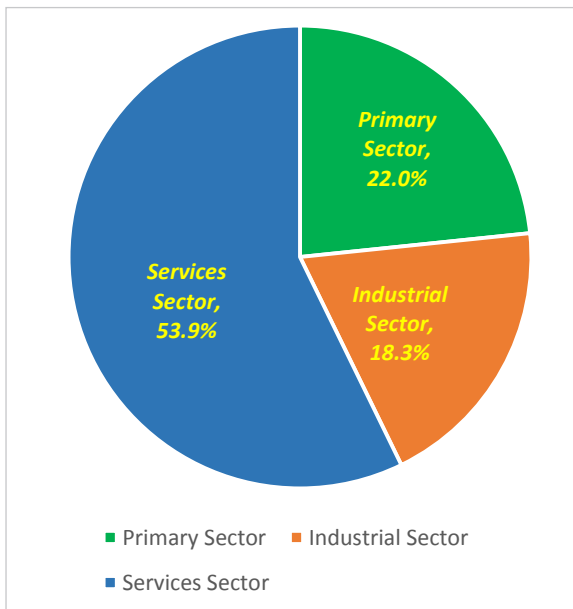
26 https://en.wikipedia.org/wiki/List_of_Asian_countries_by_GDP

27 Openness to Trade/Trade (% of GDP): It is calculated by dividing the aggregate value of imports and exports over a period by the gross domestic product for the same period.

Composition of GDP

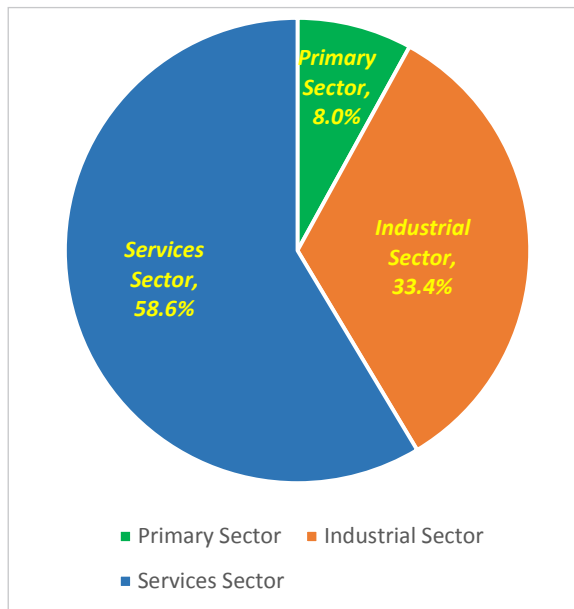
Figures 1-1 and 1-2 show sector-wise GDP composition of Pakistan and Thailand. In 2019, Pakistan's services sector contributed 53.9 percent to the GDP, while the contribution of the services sector in Thailand was 58.6 percent in the same year, indicating the importance of this sector for both economies. However, the major difference between the two economies was contribution of the industrial sector to their respective GDP's. While Pakistan's industrial sector contributed 18.3 percent to the GDP, the contribution of the industrial sector in Thailand was 33.4 percent. From a policy perspective, the composition of the industrial sector is equally important with industry in Pakistan mostly producing products of a lower sophistication / technology as compared to their counterparts in Thailand. As an example: the top five exports of Pakistan at the two-digit level are cotton and textile products. Thailand's top five exports, on the other hand, majorly comprise of manufactured products such as vehicles and mechanical appliances indicating a comparatively value-added product mix.

FIGURE 1-1 Pakistan's GDP Composition (2019)



Source: World Development Indicators, The World Bank

FIGURE 1-2 Thailand's GDP Composition (2019)



Source: World Development Indicators, The World Bank

Balance of Trade and the Exchange Rate

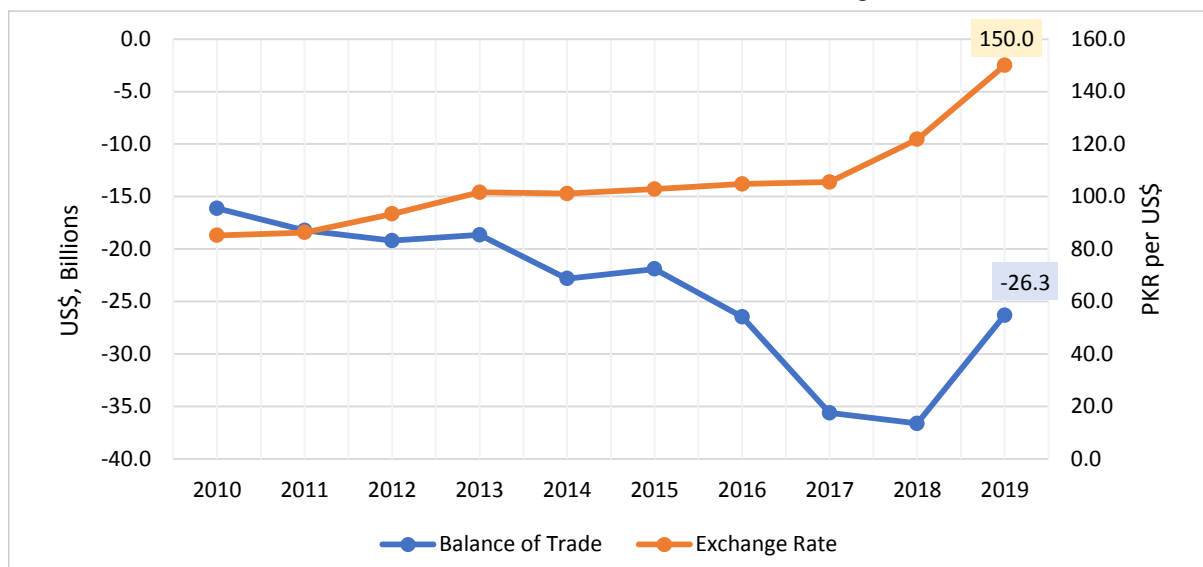
The impact of exchange rate volatility on trade balance and vice versa has long been an issue of considerable interest to economists and policy makers. Economic theory suggests that, if the exchange rate appreciates/ depreciates, the exports will be relatively expensive/cheap for the foreign buyers leading to a worsening/ improving of the trade balance of the country in question. Economic theory also suggests that, the balance of trade impacts currency exchange rates as supply and demand can lead to an appreciation or depreciation of currencies.

Pakistan's situation is different from Thailand's, the major reason being that Pakistan has been a net importer with the trade balance being negative in the past decade. The correlation coefficient is also calculated to identify the strength of the relationship between the two variables.²⁸ The coefficient of correlation between exchange rate and the balance of trade comes out to be -0.55, this means that a depreciation in the exchange

28 Correlation Coefficients are between -1 and 1. Strong positive correlation ranges from 0.5 to 1.0. Moderate positive correlation ranges from 0.3 to 0.49. Weak positive correlation ranges from 0.1 to 0.29. Strong negative correlation ranges from -1.0 to -0.5. Moderate negative correlation ranges from -0.49 to -0.3.

rate will be accompanied by a decreasing BOT deficit.²⁹ Moreover, theoretically, since the PKR is weaker than the Baht, it implies that Pakistani products should be price competitive in Thailand, whereas the stronger Baht should be a hindrance for Thai goods in the Pakistani market.

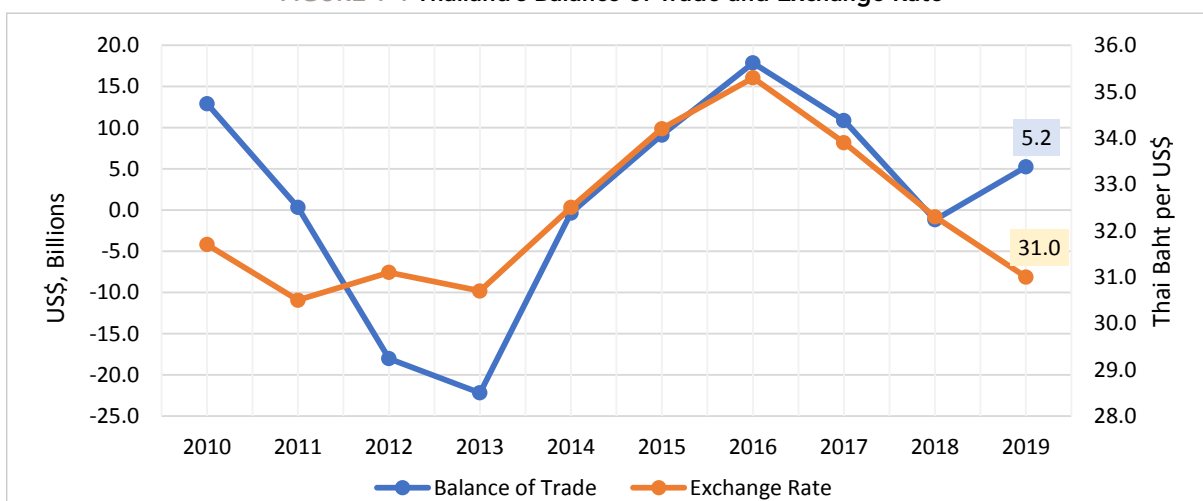
FIGURE 1-3 Pakistan’s Balance of Trade and Exchange Rate



Source: World Development Indicators, The World Bank; ITC, Trade Map

Figure 1-4 shows Thailand’s balance of trade as well as the exchange rate for the past decade. Over the last decade, Thailand’s BOT and exchange rate have moved in the direction suggested by the economic theory. But in 2019, the two variables moved in a direction that contradicts theory. The coefficient of correlation between exchange rate and the balance of trade comes out to be 0.67, this means that a strong positive correlation exists between the two variables. An appreciation in the exchange rate translates into a surplus in the BOT. This fact is not in line with what the economic theory suggests. According to Bangkok post “Unfortunately, theory does not translate into facts in Thailand, because the baht is not responding to trade movements. Appreciation of the baht did not curb trade growth in 2017 and 2018, while the massive export decline in 2019 is not pushing the baht down. It seems like exports and the currency each have minds of their own.”³⁰

FIGURE 1-4 Thailand’s Balance of Trade and Exchange Rate



Source: World Development Indicators, The World Bank; ITC, Trade Map

29 The import bill got compressed owing to tariff and non-tariff barriers as well as the reduced oil prices in the last quarter of the fiscal year 2019-20. Trade deficit shrank to \$23.18 bn in fiscal 2019-20. The News International, July 08, 2020. Retrieved from <https://www.thenews.com.pk/print/683759-trade-deficit-shrank-to-23-18-bn-in-fiscal-2019-20>

30 Time to bring the baht to heel for sake of economy. (n.d.). <https://www.Bangkokpost.Com>. Retrieved August 11, 2020, from <https://www.bangkokpost.com/opinion/opinion/1799529/time-to-bring-the-baht-to-heel-for-sake-of-economy>

Chapter 2

Comparison of Global Economic Indicators

2.1 Market Potential Index (MPI)

According to Global Edge (2014) “Global marketing has become more and more important over the years with the increasing trend of internationalization. Faced with too many choices, marketers have the challenge of determining which international markets to enter and the appropriate marketing strategies for those countries.”³¹

The Market Potential Index (MPI) is an analysis tool developed by MSU-CIBER to compare prospective markets and identify potential markets for export expansion. The indexing is done using eight dimensions (market size, market intensity, market growth rate, market consumption capacity, commercial infrastructure, market receptivity, economic freedom, and country risk), and each dimension has its indicators weighted to evaluate their contribution to the overall Market Potential Index (MPI).³² The MPI rank for Pakistan dropped to 70th in 2019 from 61st in 2018. However, the MPI rank for Thailand has increased from 55th in 2018 to 49th in 2019.³³

Table 2-1 Market Potential Index (MPI) – 2019

Pakistan			Thailand		
Overall Score (100=highest)	Rank 2019	Rank 2018	Overall Score (100=highest)	Rank 2019	Rank 2018
29	70	61	32	49	55

Source: Market Potential Index -2019, a study by MSU-CIBER (Michigan State University-Center for International Business Education and Research)

31 <https://globaledge.msu.edu/mipi#changes>

32 Between years 1996 and 2014, the MPI has been calculated for 26 countries identified as “Emerging Markets” by ‘The Economist’ magazine. However, in order to cover a wider range of markets, a decision has been made in 2014 to increase the number of countries. Retrieved from <https://www.economist.com/taxonomy/term/85/0?page=140>

33 See Annexure 1 for details of the indicators used to compute MPI.

2.2 Global Innovation Index (GII)

The Global Innovation Index (GII) is a ranking of 130 economies as per their innovation performance. The indexing is based on 80 indicators, compiled under seven separate headings. These metrics strengthen public-private dialogue and help policy-makers and stakeholders evaluate their economy's innovation capability on an annual basis.

In 2019, Pakistan was ranked as the 105th most innovative nation, whereas Thailand was ranked as the 43rd most innovative economy. Among the ASEAN economies, Thailand has retained its position as the most robust economy in trade-related variables, ranking eighth in high-tech exports and first in creative goods exports.

Table 2-2 Global Innovation Index (GII) – 2019

	Pakistan		Thailand	
	Overall Score (100=highest)	Rank 2019	Overall Score (100=highest)	Rank 2019
	25.4	105	38.6	43
Market Sophistication				
Credit	20.1	118	46.6	42
Ease of getting credit	45.0	94	70.0	40
Domestic credit to private sector	5.8	112	69.7	12
Microfinance institutions' gross loan portfolio	9.5	28	0.0	80
Investment				
Ease of protecting minority investors	71.7	24	75.0	14
Market capitalization	11.0	50	44.7	10
Venture capital deals	0.9	72	0.9	71
Trade, competition, & market scale				
Applied tariff rate, weighted mean	43.4	113	80.3	68
Intensity of local competition	57.7	115	74.2	34
Domestic market scale	69.4	24	70.8	19
Business Sophistication				
Innovation Linkages				
Joint Venture/Strategic Alliance Deals	10.5	59	12.4	53
Knowledge Absorption				
Foreign Direct Investment, Net Inflows	49.4	110	51.2	95
Knowledge and Technology Outputs				
Knowledge Diffusion				
High-tech Exports	4.6	73	87.5	8
Foreign Direct Investment, Net Outflows	22.2	109	45.2	25
Creative Outputs				
Creative Goods Exports	3.4	72	100.0	1

Source: The Global Innovation Index 2019, co-published by Cornell University, INSEAD, and the World Intellectual Property Organization (WIPO), a specialized agency of the United Nations

2.3 Global Competitiveness Index (GCI)

The Global Competitiveness Index describes competitiveness by integrating different sets of factors based on 12 pillars: institutions; infrastructure; ICT adoption; macroeconomic stability; health; skills; product market; labour market; financial system; market size; business dynamism; and innovation capability.

The Global Competitiveness Index, which shows a country's ability to provide high levels of prosperity to its citizens ranked Pakistan 110th in the global competitiveness index. It ranks 11th from the bottom out of 141 economies in 'ICT Adoption,' 17th from the bottom in 'Skills' and 16th from the bottom in 'Product Market.' Pakistan's performance is disappointing (110th) as compared to Thailand's (40th). Thailand is faring quite well compared to Pakistan, as it leads by 70 ranks. Moreover, Thailand scored well in market size, indicating that the economy has fewer barriers than many others.³⁴

Table 2-3 Comparison of Global Competitiveness Indicators – 2019

	Pakistan	Thailand
Overall (Rank)	110	40
Institutions	107	67
Infrastructure	105	71
ICT Adoption	131	62
Macroeconomic Stability	116	43
Health	115	38
Skills	125	73
Product Market	126	84
Labour Market	120	46
Financial System	99	16
Market Size	29	18
Business Dynamism	52	21
Innovation Capability	79	50

Source: The Global Competitiveness Report 2019 – World Economic Forum

34 Royal Thai Embassy, Washington D.C. Retrieved from <https://thaiembdc.org/2018/10/29/thailand-rises-two-places-in-global-competitiveness-index/>

2.4 Logistics Performance Index (LPI)

The LPI allows economies to assess their logistics performance. The assessment is carried out based on customs procedures, transport-related infrastructure and quality of trade, delivery procedures, competence and quality of logistics services, ability to track and trace consignments, and frequency with which shipments reach the consignee within the scheduled or expected delivery time.

The comparison of the Logistic Performance Index (LPI) is made because, without sound logistics and the capability to efficiently move products from Pakistan to Thailand and vice versa, a bilateral trade agreement would fail (Arbeiter, 2017)³⁵.

Table 2-4 Components of Logistics Performance Index – 2018

	Pakistan	Thailand
Overall (Rank)	122	32
Customs	139	36
Infrastructure	121	41
International Shipments	97	25
Logistics Quality and Competence	89	32
Tracking and Tracing	136	33
Timeliness	136	28

Source: LPI Global Rankings 2018, World Bank

35 Arbeiter, K. (2017). The Impact of Logistics Performance on the Success of Trade Agreements.

2.5 Ease of Doing Business Indicator

Doing Business measures the regulations that enhance business activity and those that constrain it. The following table shows the overall ranking of doing business in Pakistan and Thailand. According to the World Bank Ease of Doing Business Report 2020, Pakistan has improved its ranking from 136th in 2019 to 108th in 2020, showing a jump of 28 places. Thailand on the other hand is ranked at number 21. Pakistan has been performing poorly and is lagging behind Thailand, especially in the sub-indicator 'Trading Across Borders.' Moreover, Pakistan ranked 102nd Thailand ranked 47th in best countries for Business.

Table 2-5 Trading Across Borders, Ease of Doing Business – 2020

	Pakistan	Thailand
Overall (Rank)	108	21
Trading Across Borders (Rank)	111	62
Trading Across Borders (Score)	68.8	84.6
Time to Export:		
Border compliance (hours)	58	44
Documentary compliance (hours)	55	11
Cost to Export:		
Border compliance (US\$)	288	223
Documentary compliance (US\$)	118	97
Time to Import:		
Border compliance (hours)	120	50
Documentary compliance (hours)	96	4
Cost to Import:		
Border compliance (US\$)	287	233
Documentary compliance (US\$)	130	43

Source: World Bank Doing Business 2020, 17th Edition

2.6 Trade Facilitation Agreement (TFA)

In December 2013, negotiations for the World Trade Organization (WTO) Trade Facilitation Agreement (TFA) were concluded. In February 2017, TFA entered into force when two-thirds of the WTO members ratified the agreement.

A Free trade agreement (FTA) leads to a reduction in tariff rates, but goods traded under FTA may not always be traded smoothly. Trade facilitation measures are important because of existing non-tariff barriers (NTBs) between FTA partners. Tariff elimination complemented by trade facilitation can facilitate cooperation and increase trade flows between the FTA partners. The policymakers have begun to realize the importance of trade facilitation measures and have included the Trade Facilitation Agreement (TFA) in recent FTAs.³⁶

Table 2-6 Comparison of Trade Facilitation Performance – 2019

		Pakistan ³⁷	Thailand ³⁸
Average Trade Facilitation Performance		1.30	1.40
Category		Overall (Index Value 0-2)	
A-	Information availability	1.40	1.30
B-	Involvement of the trade community	1.43	1.71
C-	Advance rulings	1.60	1.71
D-	Appeal procedures	1.63	1.75
E-	Fees and charges	1.77	1.08
F-	Documents	1.11	1.88
G-	Automation	1.23	1.82
H-	Procedures	1.20	1.74
I-	Internal border agency co-operation	1.10	0.60
J-	External border agency co-operation	0.46	0.91
K-	Governance and impartiality	1.89	1.33

Source: OEC

36 Hamanaka, S., Tafgar, A., & Lazaro, D. (2010). Trade Facilitation Measures under Free Trade Agreements: Are They Discriminatory against Non-Members? (No. 55). ADB Working Paper Series on Regional Economic Integration.

37 National Trade and Transport Facilitation Committee. Established in August 2001 and reconstituted in February 2018.

38 National Trade Facilitation Committee. Ratified in October 2015. Establishment of a working group in January 2018.

Chapter 3

Trade Profiles

3.1 Pakistan – Trade Overview

The following table shows the top ten exported items by Pakistan at the HS-02 Level and their export patterns since 2015. Additionally, the share of each product category in world exports in 2019, along with their Compound Annual Growth Rates (CAGR) for the period 2010–19, is also given.

Table 3-1 Pakistan's Top 10 Exports at HS-02 Level

All values in US\$, Billions

Code	Product label	2015	2016	2017	2018	2019	Share in World Exports 2019 (%)	CAGR 2010–19 (%)
TOTAL	All products	22.09	20.53	21.91	23.78	23.82	0.10%	1.19%
63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	3.76	3.80	3.96	4.08	4.07	6.20%	2.41%
52	Cotton	4.04	3.50	3.50	3.52	3.25	5.90%	-2.31%
61	Articles of apparel and clothing accessories, knitted or crocheted	2.36	2.35	2.52	2.88	3.03	1.30%	4.82%
62	Articles of apparel and clothing accessories, not knitted or crocheted	2.13	2.25	2.47	2.60	2.81	1.20%	7.55%
10	Cereals	1.94	1.72	1.75	2.34	2.38	2.20%	0.46%
42	Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles ...	0.69	0.64	0.63	0.66	0.63	0.70%	0.27%
03	Fish and crustaceans, molluscs and other aquatic invertebrates	0.33	0.34	0.41	0.43	0.48	0.40%	8.35%
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...	0.37	0.36	0.41	0.41	0.45	0.10%	6.36%
25	Salt; sulphur; earths and stone; plastering materials, lime and cement	0.51	0.45	0.39	0.45	0.43	1.00%	-1.86%
08	Edible fruit and nuts; peel of citrus fruit or melons	0.42	0.44	0.35	0.43	0.40	0.30%	5.13%

Source: ITC, Trade Map

Key Findings:

- In the calendar year 2019, Pakistan exported \$23.82 billion worth of products at the HS-02-digit level.
- The top 10 exports in 2019 accounted for 75.3 percent or three-quarters of total exports.
- Pakistan's significant export earnings in 2019 came from products such as 'Other made-up textile articles' (HS-63), 'Cotton' (HS-52), 'Articles of apparel: Knitted and Woven' (HS-61 & HS-62), etc.

- Exports increased by \$1.87 billion in 2018 over the previous year and grew by a further \$0.04 billion in 2019, showing an increase of 0.2 percent, according to the data released by the ITC trade map.
- Over the past ten years, Pakistan's exports have shown an increasing trend with a CAGR of 1.19 percent.
- Despite being the fifth-largest cotton producing country in the world in 2019, Pakistan's exports of cotton yarn and raw cotton, which fall under (HS-52), declined from \$4.04 billion in 2015 to \$3.25 billion in 2019.³⁹
- Pakistan's seventh major export category, 'Fish and crustaceans, molluscs and other aquatic invertebrates' (HS-03), has recorded the highest CAGR of 8.35 percent in the past ten years.

The following table shows Pakistan's top exported items at the HS-06 Level and their export patterns since 2015. Additionally, the share of each product category in world exports along with their Compound Annual Growth Rate (CAGR) for the period 2010–19 is also given.

Table 3-2 Pakistan's Top 25 Exports at HS-06 Level

All values in US\$, Millions

Code	Product label	2015	2016	2017	2018	2019	Share in World Exports 2019 (%)	CAGR 2010–19 (%)
TOTAL	All products	22,089.02	20,533.79	21,911.60	23,778.62	23,818.82	0.10%	1.19%
100630	Semi-milled or wholly milled rice, whether or not polished or glazed	1,416.15	1,418.93	1,515.03	1,768.84	1,786.25	9.20%	-1.40%
620322	Men's or boys' ensembles of cotton (excluding knitted or crocheted, ski ensembles and swimwear)	199.45	708.81	1,293.72	1,539.78	1,618.51	88.60%	48.75%
630231	Bedlinen of cotton (excluding printed, knitted or crocheted)	744.96	773.31	812.18	866.31	855.93	23.80%	2.19%
630260	Toilet linen and kitchen linen, of terry towelling or similar terry fabrics of cotton (excluding ...	820.80	777.09	806.25	791.22	787.44	12.30%	1.51%
630239	Bedlinen of textile materials (excluding of cotton and man-made fibres, printed, knitted or ...	588.00	651.87	671.01	702.05	710.80	62.40%	4.15%
630210	Bedlinen, knitted or crocheted	654.70	606.93	666.37	695.97	696.19	45.30%	1.65%
520512	Single cotton yarn, of uncombed fibres, containing >= 85% cotton by weight and with a linear ...	1,017.99	810.98	813.13	782.45	696.17	17.60%	-0.36%
520942	Denim, containing >= 85% cotton by weight and weighing > 200 g/m ² , made of yarn of different ...	447.17	461.85	483.24	501.20	498.35	19.30%	7.34%
630710	Floorcloths, dishcloths, dusters and similar cleaning cloths, of all types of textile materials	396.83	384.89	407.75	441.71	407.89	16.50%	2.59%

All values in US\$, Millions

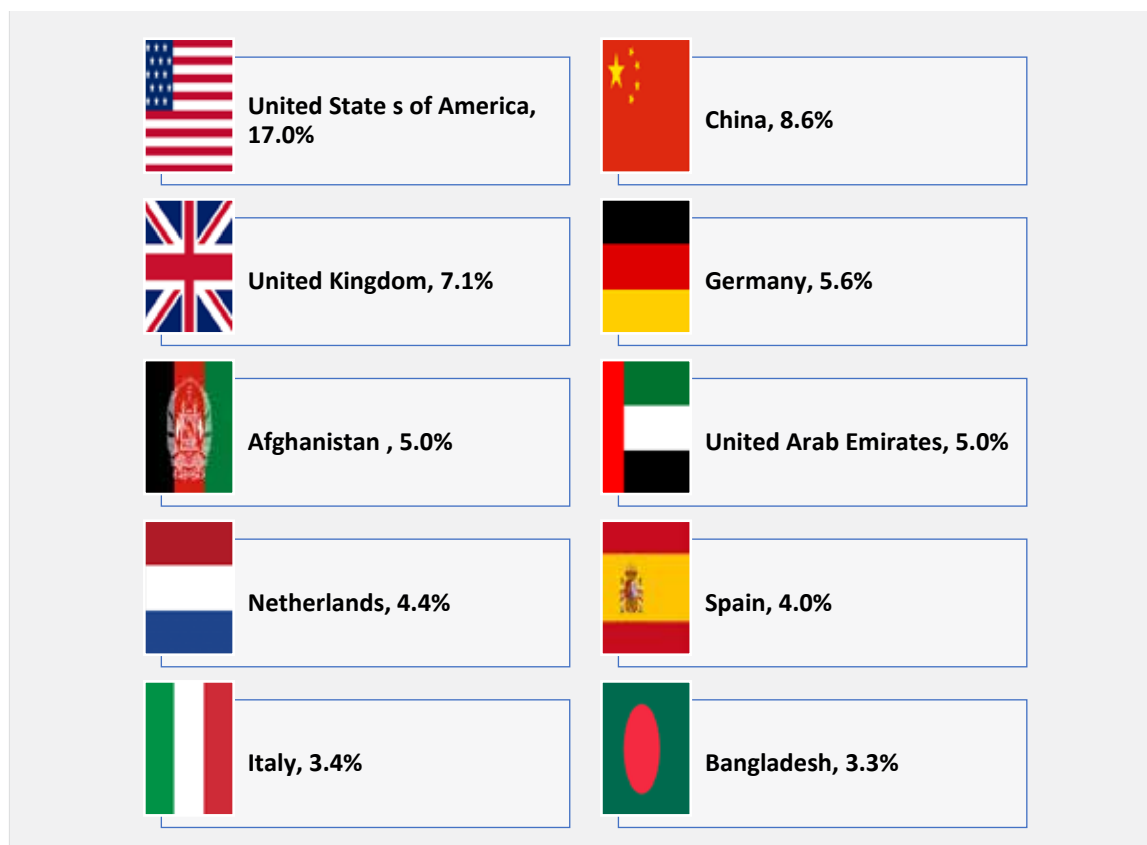
Code	Product label	2015	2016	2017	2018	2019	Share in World Exports 2019 (%)	CAGR 2010–19 (%)
901890	Instruments and appliances used in medical, surgical or veterinary sciences, n.e.s.	332.64	326.03	361.13	375.52	405.51	0.70%	7.09%
620342	Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton (excluding ...)	762.16	543.87	411.06	351.17	400.50	1.50%	-4.67%
610590	Men's or boys' shirts of textile materials, knitted or crocheted (excluding of cotton or man-made ...)	262.02	252.52	311.18	333.71	328.57	45.30%	5.32%
611090	Jerseys, pullovers, cardigans, waistcoats and similar articles, of textile materials, knitted ...	129.80	151.09	196.08	270.11	323.32	18.60%	24.19%
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	203.76	205.11	198.06	244.22	314.81	1.00%	1.47%
220710	Undenatured ethyl alcohol, of actual alcoholic strength of $\geq 80\%$	231.50	221.82	362.09	428.16	301.87	4.20%	14.97%
740319	Copper, refined, unwrought (excluding copper in the form of billets, wire-bars, cathodes and ...)	4.31	3.44	17.57	128.89	259.71	15.80%	64.51%
420310	Articles of apparel, of leather or composition leather (excluding clothing accessories, footwear ...)	320.98	297.99	276.01	260.27	258.66	9.10%	-3.78%
100640	Broken rice	490.36	251.85	182.85	172.97	255.73	16.70%	0.31%
270900	Petroleum oils and oils obtained from bituminous minerals, crude	175.65	76.99	114.65	263.71	248.81	0.00%	-
520812	Plain woven fabrics of cotton, containing $\geq 85\%$ cotton by weight and weighing > 100 g to 200 ...	214.96	183.87	213.53	254.56	238.16	21.60%	8.81%
100620	Husked or brown rice	20.41	31.73	47.30	56.59	232.92	20.00%	196.88%
420329	Gloves, mittens and mitts, of leather or composition leather (excluding special sports gloves)	201.51	187.62	196.71	220.70	230.08	15.10%	8.40%
611595	Full-length or knee-length stockings, socks and other hosiery, incl. footwear without applied ...	166.21	143.32	200.20	216.11	220.52	3.80%	64.91%
170199	Cane or beet sugar and chemically pure sucrose, in solid form (excluding cane and beet sugar ...)	230.13	123.08	343.43	386.09	218.47	2.30%	154.95%
390761	Poly"ethylene terephthalate", in primary forms, having a viscosity number of ≥ 78 ml/g	-	-	57.16	133.83	217.75	-	-

Source: ITC, Trade Map

Key Findings:

- Fourteen out of the top 25 items belong to the textile group. These items contributed 34.0 percent to the total exports in 2019.
- Apart from ‘Single cotton yarn, of uncombed fibres, containing \geq 85% cotton by weight and with a linear density of 232,56 decitex to $<$ 714,29 decitex “ $>$ MN 14 to MN 43” (HS-520512) and ‘Mens or boys’ trousers, bib and brace overalls, breeches and shorts, of cotton’ (HS-620342), all textile articles in the top 25 items list have shown a positive CAGR. This shows Pakistan’s dependence on textiles.
- Even though ‘Semi-milled or wholly milled rice’ (HS-100630) has shown a negative CAGR over the past ten years, the crop contributed 9.2 percent to the total exports. It was worth \$1.79 billion, making it the highest contributor in global shipments at the HS-06 level in 2019.
- The most noticeable increase was observed in the ‘Husked or Brown Rice’ category (HS-100620), with exports increasing by 196.9 percent in the past ten years.

FIGURE 3-1 Pakistan’s Top Export Destinations, 2019



Source: ITC, Trade Map

The following table shows the top ten product groups imported by Pakistan at the HS-02 Level and their import patterns since 2015. Additionally, the share of each product category in world imports along with their Compound Annual Growth Rate (CAGR) for the period 2010–19 is also listed below.

Table 3-3 Pakistan's Top 10 Imports at HS-02 Level

All values in US\$, Billions

Code	Product label	2015	2016	2017	2018	2019	Share in World Imports 2019 (%)	CAGR 2010–19 (%)
TOTAL	All products	43.99	47.00	57.52	60.39	50.13	0.30%	3.27%
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	10.03	9.53	13.73	17.22	14.41	0.60%	2.64%
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	4.07	5.83	6.87	6.27	4.73	0.20%	5.36%
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	3.80	4.43	4.75	4.31	4.27	0.10%	6.40%
72	Iron and steel	2.55	2.76	3.42	3.69	3.10	0.80%	6.94%
29	Organic chemicals	1.86	1.94	2.38	2.77	2.36	0.50%	3.59%
39	Plastics and articles thereof	1.93	1.94	2.30	2.50	2.22	0.40%	4.76%
15	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal ...	1.85	1.93	2.37	2.13	1.94	2.10%	0.49%
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	1.74	2.10	2.67	2.61	1.47	0.10%	1.30%
12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal ...	0.78	1.05	1.40	1.47	1.22	1.20%	7.68%
52	Cotton	0.66	0.72	0.98	1.25	0.83	1.70%	0.03%

Source: ITC, Trade Map

Key Findings

- In calendar year 2019, Pakistan imported goods worth \$50.13 billion, showing a decrease of more than \$10.26 billion over 2018.
- The category of 'Mineral Products' (HS-27) accounted for the most significant share in Pakistan's import basket. The category's imports have fallen by 16.3 percent in the last year, mainly due to historically low global oil prices.⁴⁰
- Besides mineral fuels, Pakistan's imports are highly concentrated in a few items such as capital goods falling under (HS-84 & HS-85), iron and steel, plastics, organic chemicals, vehicles, vegetable products, etc.

⁴⁰ Pakistan Economic Survey 2019-20.

The table below shows the top 25 imported items at the HS-06 Level that Pakistan imported in the past five years along with each product's share in world imports and their CAGRs for the period 2010-19.

Table 3-4 Pakistan's Top 25 Imports at HS-06 Level

All values in US\$, Millions

Code	Product label	2015	2016	2017	2018	2019	Share in World Imports 2019 (%)	CAGR 2010-19 (%)
TOTAL	All products	43,989.65	46,998.27	57,518.65	60,391.13	50,134.81	0.30%	3.27%
270900	Petroleum oils and oils obtained from bituminous minerals, crude	3,022.86	1,983.03	3,139.64	4,922.45	3,913.91	0.40%	1.20%
271012	Light oils and preparations, of petroleum or bituminous minerals which \geq 90% by volume "incl. ...	2,182.84	2,217.54	3,014.74	3,734.99	3,523.78	1.50%	-
271111	Natural gas, liquefied	356.08	849.82	1,678.58	3,308.35	3,269.82	2.30%	-
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	3,715.14	3,532.11	4,404.78	3,127.40	1,863.41	0.40%	-13.04%
151190	Palm oil and its fractions, whether or not refined (excluding chemically modified and crude)	1,568.48	1,629.57	2,014.62	1,834.93	1,557.14	7.60%	2.49%
270112	Bituminous coal, whether or not pulverised, non-agglomerated	-	214.77	915.46	1,229.22	1,157.00	1.30%	-
851712	Telephones for cellular networks "mobile telephones" or for other wireless networks	749.99	707.65	761.29	836.22	1,019.64	0.40%	10.20%
720449	Waste and scrap of iron or steel (excluding slag, scale and other waste of the production of ...	563.67	571.12	867.98	952.83	871.45	3.80%	14.56%
120110	Soya bean seed, for sowing	247.97	383.44	746.09	946.93	756.16	69.80%	-
520100	Cotton, neither carded nor combed	543.75	580.54	762.49	1,052.93	709.51	4.70%	-0.76%
720441	Turnings, shavings, chips, milling waste, sawdust, filings, trimmings and stampings of iron ...	414.97	426.13	544.11	587.28	613.17	21.90%	10.23%
090240	Black fermented tea and partly fermented tea, whether or not flavoured, in immediate packings ...	449.11	480.16	537.60	557.91	481.67	14.10%	5.46%
390210	Polypropylene, in primary forms	412.10	384.89	466.73	541.18	479.82	1.80%	4.28%
310530	Diammonium hydrogenorthophosphate "diammonium phosphate" (excluding that in tablets or similar ...	619.44	472.96	648.76	845.53	457.57	7.20%	4.28%
720839	Flat-rolled products of iron or non-alloy steel, of a width of \geq 600 mm, in coils, simply ...	148.01	260.79	347.96	467.69	451.04	3.10%	21.98%
890520	Floating or submersible drilling or production platforms	-	-	0.12	-	386.11	2.50%	7.56%
120510	Low erucic acid rape or colza seeds "yielding a fixed oil which has an erucic acid content ...	369.13	464.42	475.47	400.45	366.59	4.00%	-4.34%

All values in US\$, Millions

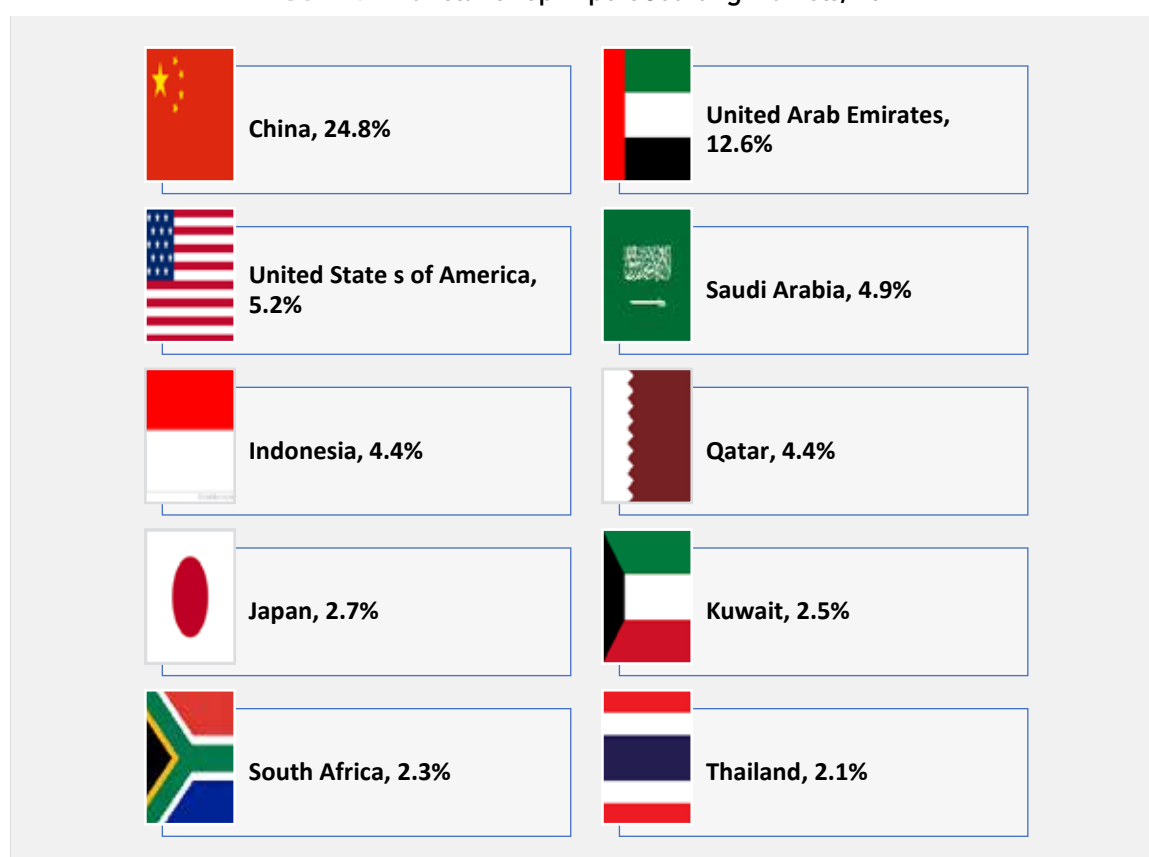
Code	Product label	2015	2016	2017	2018	2019	Share in World Imports 2019 (%)	CAGR 2010–19 (%)
854140	Photosensitive semiconductor devices, incl. photovoltaic cells whether or not assembled in ...	445.39	493.70	657.44	391.07	355.91	0.60%	60.93%
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	283.66	318.48	368.63	434.43	342.04	0.10%	6.00%
870321	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	345.87	402.11	575.97	544.16	312.52	0.60%	5.76%
390110	Polyethylene with a specific gravity of < 0,94, in primary forms	292.42	286.85	332.06	338.22	310.23	1.20%	6.15%
290243	P-Xylene	265.85	257.50	272.14	366.90	300.75	1.50%	-1.78%
550410	Staple fibres of viscose rayon, not carded, combed or otherwise processed for spinning	179.91	227.11	293.29	316.97	293.77	11.90%	8.81%
271119	Gaseous hydrocarbons, liquefied, n.e.s. (excluding natural gas, propane, butane, ethylene, ...	149.73	210.54	267.68	225.40	288.56	5.30%	20.83%
280920	Phosphoric acid; polyphosphoric acids, whether or not chemically defined	299.64	248.48	225.03	266.70	286.73	6.50%	2.08%

Source: ITC, Trade Map

Key Findings:

- Pakistan's top 25 imports from the world at the HS-06 level accounted for 48.6 percent of total imports in 2019.
- Six of the top 25 products listed above belong to 'Mineral Products' (HS-27). These items accounted for 27.9 percent of total imports in 2019.
- Palm oil, mobile phones, and iron and steel products were also significant imports in 2019.

FIGURE 3-2 Pakistan's Top Import Sourcing Markets, 2019



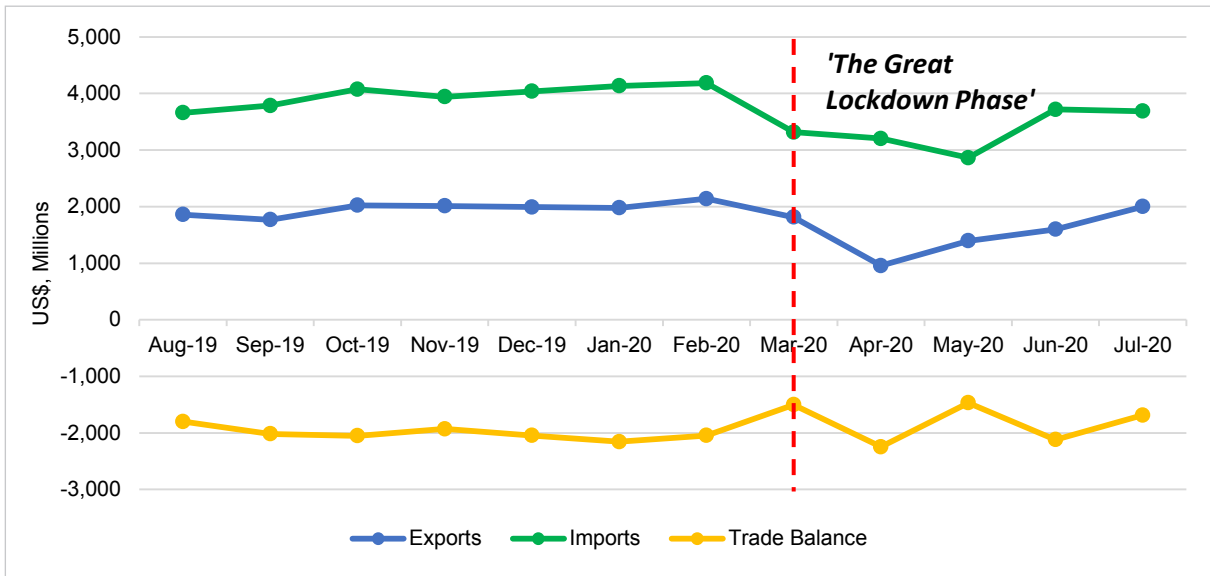
Source: ITC, Trade Map

3.1.1 Impact of COVID-19 on Trade

Pakistan's trade post-COVID-19 has fluctuated after the implementation of the 'The Great Lockdown.' Pakistan's imports decreased by 37.9 percent in dollar terms in April and May 2020 combined from the same period a year earlier. In contrast, exports dropped by 44.4 percent over the same time period.

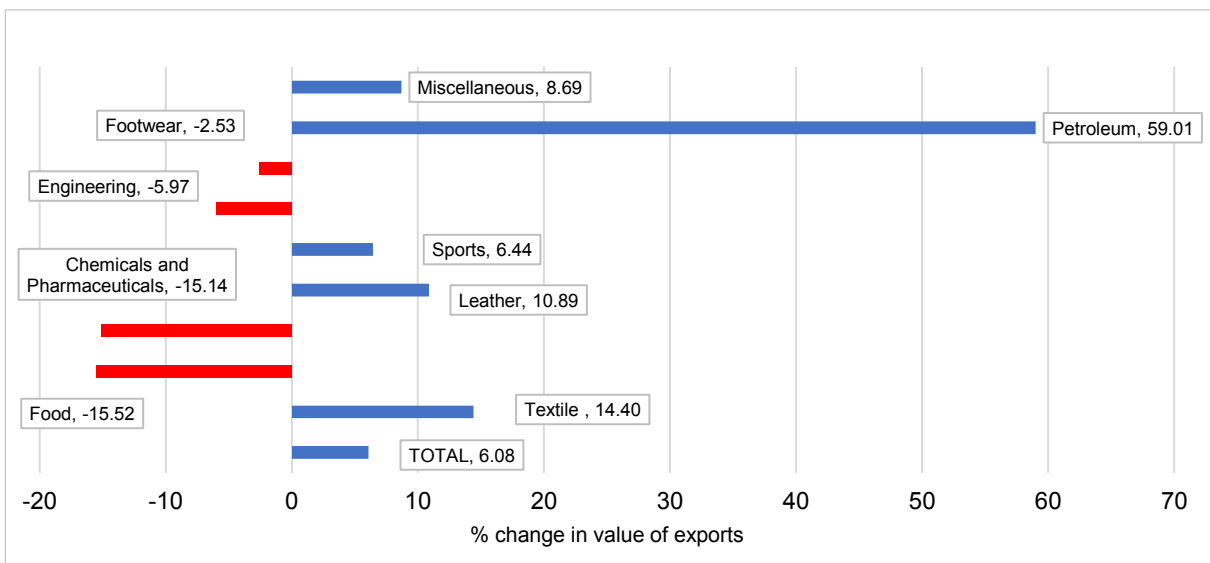
As seen in the figures below, significant declines in imports are found among products that are used as intermediates in production, such as petroleum, machinery, and electronic equipment. Similarly, exports have also experienced a strong decrease in the values of chemicals, pharmaceuticals, and food products.

FIGURE 3-3 Trade Dynamics of Pakistan post COVID-19



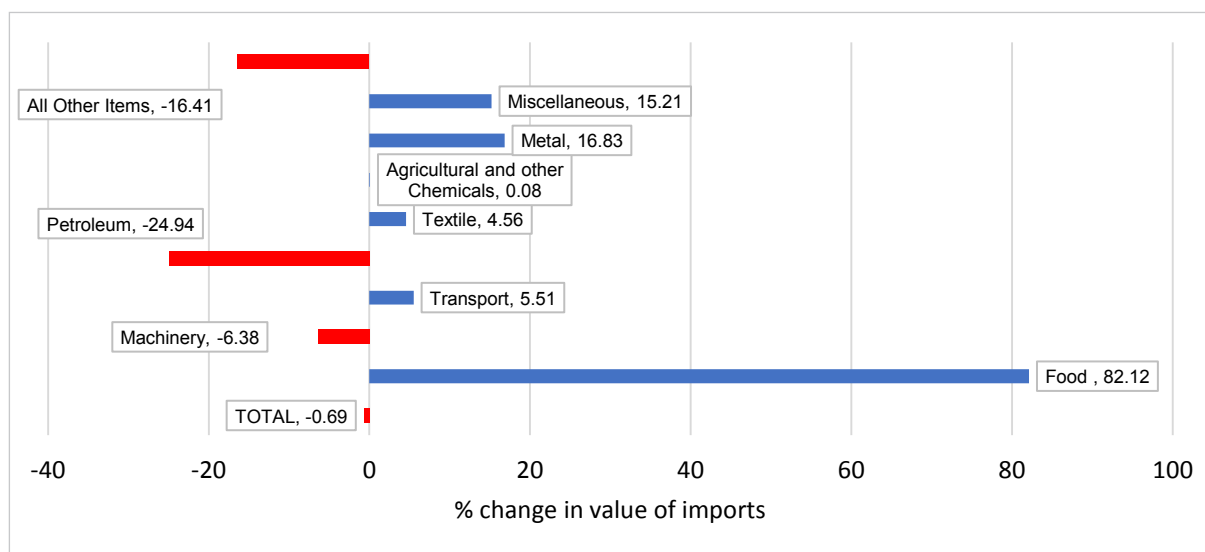
Source: Pakistan Bureau of Statistics (PBS)

FIGURE 3-4 Export Dynamics of Pakistan post COVID-19



Notes: Change in value of exports in July 2020 over July 2019.
Source: Pakistan Bureau of Statistics (PBS)

FIGURE 3-5 Import Dynamics of Pakistan post COVID-19



Notes: Change in value of imports in July 2020 over July 2019.
 Source: Pakistan Bureau of Statistics (PBS)

3.2 Thailand – Trade Overview

The following table shows the top ten exported products by Thailand at the HS-02 level and their export patterns since 2015. Additionally, the share of each product category in world exports in 2019, along with their Compound Annual Growth Rate (CAGR), is also shown.

Table 3-5 Thailand's Top 10 Exports at HS-02 Level

All values in US\$, Billions

Code	Product label	2015	2016	2017	2018	2019	Share in World Exports 2019 (%)	CAGR 2010–19 (%)
TOTAL	All products	211.18	213.56	235.87	249.92	245.38	1.30%	2.57%
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	37.17	37.16	40.21	42.92	40.19	1.80%	2.02%
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	29.37	29.71	34.02	35.02	33.87	1.20%	1.76%
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	26.60	27.20	28.47	30.46	28.96	1.90%	5.05%
71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad ...	10.85	14.20	12.84	11.92	15.67	2.50%	3.34%
40	Rubber and articles thereof	12.28	12.15	16.27	15.50	15.34	8.30%	0.52%
39	Plastics and articles thereof	11.74	11.39	12.71	14.53	13.36	2.10%	4.14%
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	8.30	6.25	8.22	10.59	8.48	0.40%	-1.42%
16	Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	5.94	5.91	6.27	6.59	6.67	13.00%	1.21%
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...	5.24	5.31	5.66	5.51	5.40	0.90%	4.62%
29	Organic chemicals	4.09	3.75	4.68	6.13	4.61	1.10%	1.70%

Source: ITC, Trade Map

Key Findings:

- Thailand's economic development strategies focus on Export-oriented Industrialization (EOI) and emphasize diversification of the economy away from agriculture into industrial and service sectors. For this reason, Thailand's top exports in 2019 originated from the country's industrial sector.
- In the calendar year 2019, Thailand exported \$245.38 billion worth of products at the HS-02-digit level.
- The top 10 exports in 2019 accounted for 70.3 percent of total exports.
- The year 2019 witnessed a decline in the export revenue, from \$249.92 billion in 2018 to \$245.38 billion in 2019. This fall in exports was triggered by the US-China trade war and the strong baht that dampened export competitiveness.⁴¹

41 Thailand's economy expands at the slowest pace in nearly five years. Retrieved from: <https://asia.nikkei.com/Economy/Thailand-s-economy->

- Thailand exported \$103.02 billion worth of manufactured goods (42.0 percent of total shipments) with high-value 'Machinery and Mechanical Appliances' (HS-84), 'Electrical Equipment' (HS-85), 'Vehicles and Auto-parts' (HS-87) accounting for 16.4 percent, 13.8 percent, and 11.8 percent, respectively.

The following table shows the top 25 exported products by Thailand at the HS-06 level and their export patterns since 2015. Additionally, the share of each product category in world exports in 2019, along with their Compound Annual Growth Rate (CAGR), is also shown.

Table 3-6 Thailand's Top 25 Exports at HS-06 Level

All values in US\$, Millions

Code	Product label	2015	2016	2017	2018	2019	Share in World Exports 2019 (%)	CAGR 2010-19 (%)
TOTAL	All products	211,178.47	213,558.95	235,871.37	249,921.31	245,380.47	1.30%	2.57%
847170	Storage units for automatic data-processing machines	10,967.48	9,845.05	11,233.28	12,187.22	11,149.69	16.90%	-0.85%
710812	Gold, incl. gold plated with platinum, unwrought, for non-monetary purposes (excluding gold ...	3,570.14	7,044.91	5,675.02	4,339.62	7,563.26	3.60%	2.17%
870421	Motor vehicles for the transport of goods, with compression-ignition internal combustion piston ...	6,761.97	5,927.20	6,668.28	7,268.40	6,991.61	13.10%	4.21%
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	5,429.27	3,560.93	4,616.88	6,112.47	4,926.60	1.10%	-2.79%
854239	Electronic integrated circuits (excluding such as processors, controllers, memories and amplifiers)	2,409.48	2,959.60	3,716.04	4,330.77	4,535.37	1.80%	3.75%
841510	Window or wall air conditioning machines, self-contained or "split-system"	2,500.98	3,020.27	3,342.27	3,793.32	4,038.59	24.80%	9.30%
100630	Semi-milled or wholly milled rice, whether or not polished or glazed	4,093.89	3,789.19	4,486.04	4,991.48	3,741.62	19.20%	-2.56%
870332	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	1,618.73	2,261.62	2,625.87	3,785.18	3,339.71	3.10%	9.58%
870323	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	2,657.84	3,454.22	3,257.97	3,332.38	3,202.47	1.10%	1.44%
401110	New pneumatic tyres, of rubber, of a kind used for motor cars, incl. station wagons and racing ...	1,866.82	2,130.34	2,602.09	2,773.28	3,086.10	7.50%	10.89%
160232	Meat or offal of fowls of the species "Gallus domesticus", prepared or preserved (excluding ...	1,955.18	2,031.65	2,244.19	2,414.48	2,587.79	32.10%	5.53%

All values in US\$, Millions

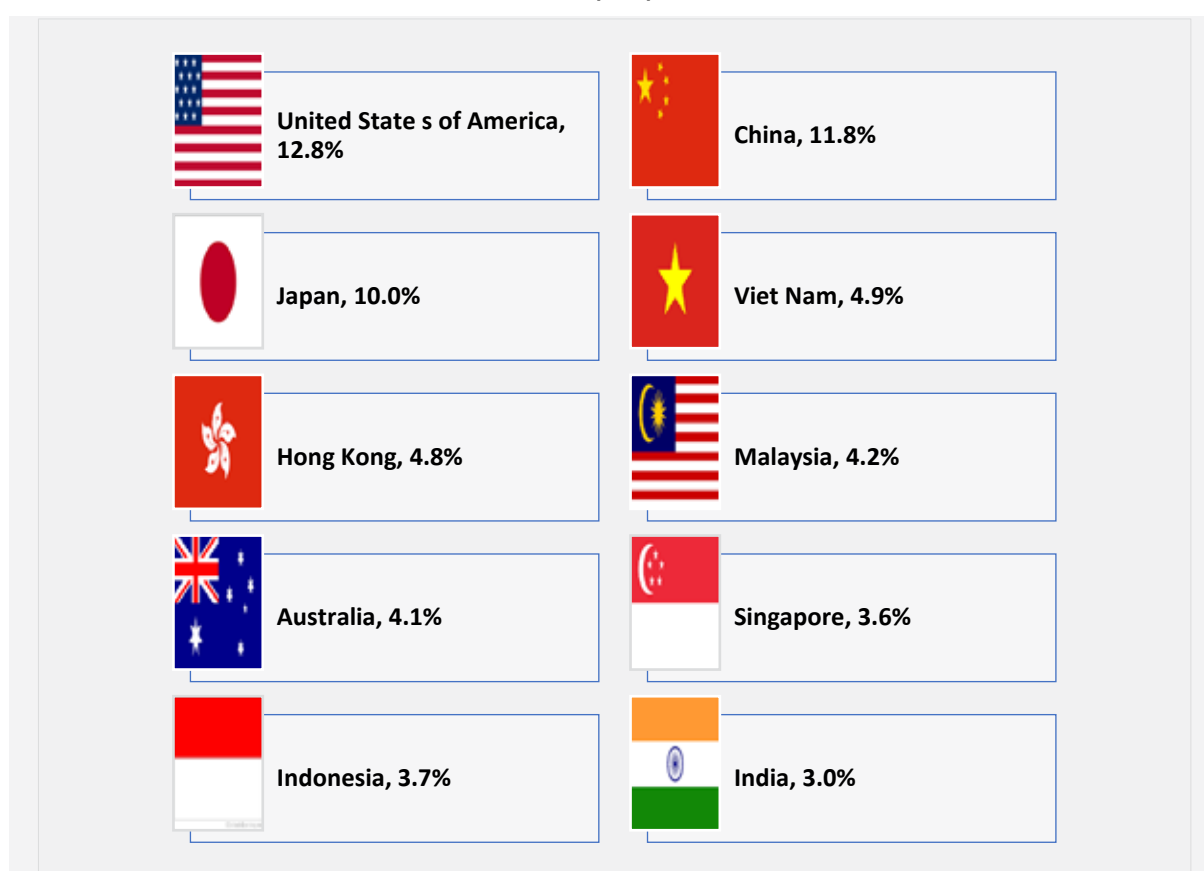
Code	Product label	2015	2016	2017	2018	2019	Share in World Exports 2019 (%)	CAGR 2010–19 (%)
870322	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	3,007.76	3,015.56	2,483.63	2,231.30	2,377.56	1.90%	5.91%
847330	Parts and accessories of automatic data-processing machines or for other machines of heading ...	3,261.26	3,068.35	2,779.26	2,626.89	2,283.78	1.90%	-4.92%
870899	Parts and accessories, for tractors, motor vehicles for the transport of ten or more persons, ...	2,666.10	2,478.75	2,359.73	2,560.33	2,254.08	2.60%	0.82%
160414	Prepared or preserved tunas, skipjack and Atlantic bonito, whole or in pieces (excluding minced)	1,971.82	1,977.55	2,050.93	2,260.17	2,180.22	29.10%	1.66%
400122	Technically specified natural rubber "TSNR"	2,674.84	2,342.89	2,903.34	2,202.30	2,165.38	23.80%	-3.79%
711319	Articles of jewellery and parts thereof, of precious metal other than silver, whether or not ...	2,068.70	1,980.61	1,867.98	1,999.44	2,123.68	2.10%	1.86%
844331	Machines which perform two or more of the functions of printing, copying or facsimile transmission, ...	1,367.29	1,669.44	1,999.05	2,060.41	2,040.88	10.50%	8.63%
401120	New pneumatic tyres, of rubber, of a kind used for buses and lorries (excluding tyres with ...	1,050.14	992.22	1,325.03	1,620.42	1,984.10	8.30%	8.59%
930690	Bombs, grenades, torpedos, mines, missiles, and other ammunition and projectiles, and parts ...	7.15	2.82	27.11	1.60	1,923.86	28.90%	87.26%
400280	Mixtures of natural rubber, balata, gutta-percha, guayule, chicle or similar types of natural ...	259.99	931.59	2,119.64	2,052.34	1,749.04	47.50%	100.66%
853710	Boards, cabinets and similar combinations of apparatus for electric control or the distribution ...	842.47	1,109.25	1,541.62	1,610.94	1,731.24	2.80%	11.46%
170114	Raw cane sugar, in solid form, not containing added flavouring or colouring matter (excluding ...	1,157.89	1,013.08	1,119.40	1,230.33	1,651.92	17.60%	-
271012	Light oils and preparations, of petroleum or bituminous minerals which \geq 90% by volume "incl. ...	1,375.79	1,171.37	1,436.98	2,086.47	1,566.34	0.70%	-
711311	Articles of jewellery and parts thereof, of silver, whether or not plated or clad with other ...	1,564.77	1,549.86	1,784.95	1,846.94	1,547.56	21.70%	1.91%

Source: ITC, Trade Map

Key Findings:

- Thailand's top 25 exports to the world at the HS-06 level accounted for 33.7 percent of total exports in 2019.
- Six of the top 25 products listed above belong to the category of 'Electrical Machinery and Mechanical Appliances' (HS-84 & HS-85). These items accounted for 10.5 percent of total exports in 2019.
- At the HS-06 level, 'Data Storage Units such as Hard-disk Drives' (HS-847170) was the leading export of Thailand with a value of \$11.15 billion in calendar year 2019.
- Other prominent export products, such as 'Gold, incl. Gold plated with platinum, unwrought, for non-monetary purposes' (HS-710812), 'Motor vehicles' (HS-870421), 'Medium Oils' (HS-271019), 'Electrical Machinery' (HS-854239), and 'Air Conditioners' (HS-841510) have increased in the period under consideration.
- Thailand is the 17th largest exporter of 'Vehicles other than Railway or Tramway Rolling Stock' (HS-87) globally, and the country is meeting Pakistan's demand for these products to a large extent. Thailand's exports of 'Motor vehicles for the transport of goods, with compression-ignition internal combustion piston ...' (HS-870421), 'Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...' (HS-870323), 'Motor cars and other motor vehicles principally designed for the transport of persons, incl.' (HS-870322), and 'Parts and accessories, for tractors, motor vehicles for the transport of ten or more persons,' (HS-870899), have a share in Pakistan's imports of 68.0 percent, 40.0 percent, and 30.0 percent, respectively.

FIGURE 3-6 Thailand's Top Export Destinations, 2019



Source: ITC, Trade Map

The following table shows the top ten product groups imported by Thailand at the HS-02 Level and their import patterns since 2015. Additionally, the share of each product category in world imports along with their Compound Annual Growth Rate (CAGR), for the period 2010–19 is also listed below.

Table 3-7 Thailand's Top 10 Imports at HS-02 Level

All values in US\$, Billions

Code	Product label	2015	2016	2017	2018	2019	Share in World Imports 2019 (%)	CAGR 2010–19 (%)
TOTAL	All products	202.06	195.70	225.00	251.10	240.14	1.30%	3.10%
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	37.78	38.51	42.28	45.66	43.41	1.50%	3.12%
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	30.10	24.61	31.60	42.81	37.67	1.60%	1.95%
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	27.30	26.23	27.33	29.58	29.78	1.30%	2.25%
71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad ...	9.90	8.68	15.21	15.98	12.28	2.00%	1.84%
72	Iron and steel	9.57	9.53	10.64	12.54	12.02	3.10%	0.99%
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	8.06	8.83	9.16	10.25	10.73	0.70%	3.58%
39	Plastics and articles thereof	7.91	8.03	8.68	9.65	9.26	1.50%	3.28%
73	Articles of iron or steel	7.05	6.79	7.12	7.50	6.92	2.30%	2.96%
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...	5.38	5.41	5.60	6.02	6.42	1.00%	4.83%
29	Organic chemicals	4.04	3.72	4.34	5.05	4.33	1.00%	-0.99%

Source: ITC, Trade Map

Key Findings:

- In calendar year 2019, Thailand imported goods worth \$240.14 billion, showing a decrease of \$10.96 billion over 2018.
- Despite the growth in exports of 'Electrical Machinery' (HS-85), there are existing developmental gaps in the industry, as technological machinery production is still in short supply in Thailand. This has resulted in the country being mainly reliant on importing 'Electrical Machinery' (HS-85).⁴²
- Thailand's imports grew at 3.10 percent (CAGR) during the 2010-19 period. Thailand has remained in the middle-income trap for more than 20 years. This rise in imports is partly due to Thailand's efforts to get out of the middle-income trap.

42 Thailand Board of Investment. (2014). THAILAND'S MACHINERY INDUSTRY. Retrieved from https://www.boi.go.th/upload/content/machinery_5a4fa7223243c.pdf

The following table shows the top ten products imported by Thailand at the HS-06 Level and their import patterns since 2015. Additionally, the share of each product category in world imports along with their Compound Annual Growth Rate (CAGR), for the period 2010–19 is also listed below.

Table 3-8 Thailand's Top 25 Imports at HS-06 Level

All values in US\$, Millions

Code	Product label	2015	2016	2017	2018	2019	Share in World Imports 2019 (%)	CAGR 2010–19 (%)
TOTAL	All products	202,062.33	195,702.35	224,999.33	251,099.20	240,139.20	1.30%	3.10%
270900	Petroleum oils and oils obtained from bituminous minerals, crude	19,395.57	15,234.89	20,035.16	28,452.52	22,284.24	2.10%	-0.77%
710812	Gold, incl. gold plated with platinum, unwrought, for non-monetary purposes (excluding gold ...	7,087.21	5,779.40	10,901.62	11,265.24	6,853.48	3.30%	-1.10%
854239	Electronic integrated circuits (excluding such as processors, controllers, memories and amplifiers)	2,987.01	3,223.82	4,079.29	4,263.91	4,150.44	1.60%	4.03%
851712	Telephones for cellular networks "mobile telephones" or for other wireless networks	3,876.48	3,770.18	4,096.27	3,761.28	3,758.53	1.30%	13.55%
271012	Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume "incl. ...	2,218.32	2,391.90	3,161.29	3,869.15	3,750.07	1.60%	-
854231	Electronic integrated circuits as processors and controllers, whether or not combined with ...	3,138.38	2,973.75	3,350.55	3,585.10	3,396.39	1.00%	0.21%
854290	Parts of electronic integrated circuits, n.e.s.	2,969.40	2,979.11	3,534.17	3,643.09	3,334.94	13.40%	-2.85%
732690	Articles of iron or steel, n.e.s. (excluding cast articles or articles of iron or steel wire)	3,441.01	3,357.24	3,685.49	3,370.86	3,055.27	6.40%	3.78%
271111	Natural gas, liquefied	1,390.22	956.59	1,568.28	2,313.97	2,663.42	1.90%	-
271121	Natural gas in gaseous state	3,252.27	1,963.83	1,874.73	2,314.77	2,485.55	2.10%	-0.48%
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	751.17	1,159.16	1,222.75	1,546.72	2,448.46	0.60%	14.29%
740311	Copper, refined, in the form of cathodes and sections of cathodes	1,569.71	1,665.01	2,266.79	2,445.79	2,432.34	4.60%	3.39%
870840	Gear boxes and parts thereof, for tractors, motor vehicles for the transport of ten or more ...	2,085.43	2,387.69	2,385.42	2,464.61	2,413.10	3.60%	4.53%
930690	Bombs, grenades, torpedos, mines, missiles, and other ammunition and projectiles, and parts ...	58.70	69.40	41.75	88.09	2,299.26	45.80%	58.80%

All values in US\$, Millions

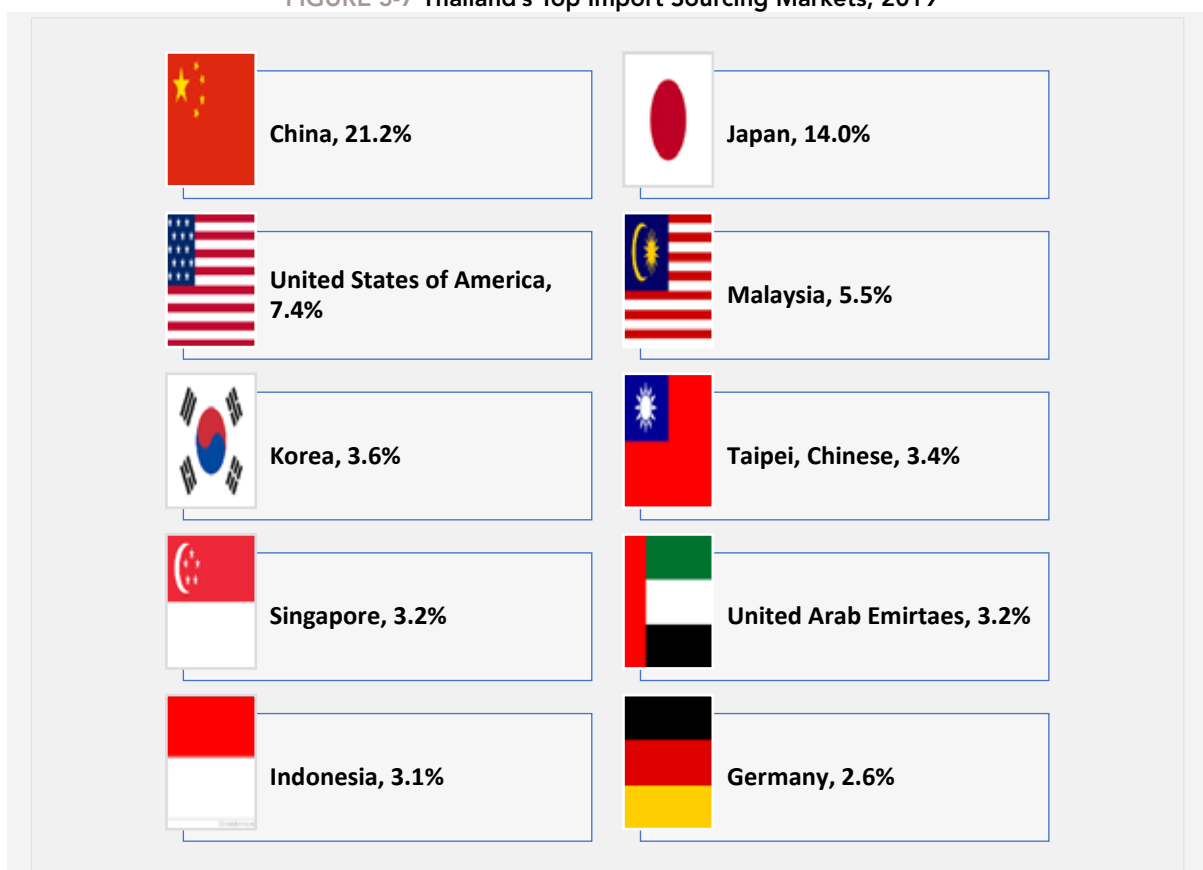
Code	Product label	2015	2016	2017	2018	2019	Share in World Imports 2019 (%)	CAGR 2010–19 (%)
847330	Parts and accessories of automatic data-processing machines or for other machines of heading ...	2,641.06	2,140.17	2,025.09	2,302.57	2,160.09	1.80%	-6.69%
851762	Machines for the reception, conversion and transmission or regeneration of voice, images or ...	1,378.44	1,601.86	1,903.12	1,843.70	1,808.54	1.10%	12.35%
710239	Diamonds, worked, but not mounted or set (excluding industrial diamonds)	526.43	559.42	1,584.20	1,841.56	1,766.42	2.40%	12.83%
392690	Articles of plastics and articles of other materials of heading 3901 to 3914, n.e.s (excluding ...	1,623.11	1,620.25	1,666.82	1,751.99	1,763.07	2.70%	3.15%
854370	Electrical machines and apparatus, having individual functions, n.e.s. in chapter 85	1,470.42	1,850.21	1,822.66	1,863.23	1,676.18	4.30%	4.26%
853710	Boards, cabinets and similar combinations of apparatus for electric control or the distribution ...	1,285.15	1,362.81	1,408.65	1,785.54	1,540.72	2.50%	3.61%
847170	Storage units for automatic data-processing machines	1,320.07	1,182.31	1,604.89	2,046.84	1,533.96	2.00%	9.08%
271600	Electrical energy	580.40	1,014.44	1,157.06	1,417.70	1,400.90	4.30%	19.50%
870899	Parts and accessories, for tractors, motor vehicles for the transport of ten or more persons, ...	1,153.99	1,151.84	1,238.14	1,385.53	1,335.48	1.50%	-2.85%
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	1,236.60	1,246.58	1,269.74	1,390.49	1,332.76	0.40%	3.35%
847130	Data-processing machines, automatic, portable, weighing ≤ 10 kg, consisting of at least a ...	927.53	804.08	985.93	1,144.71	1,308.27	0.90%	4.49%

Source: ITC, Trade Map

Key Findings:

- Thailand's top 25 imports from the world at the HS-06 level accounted for 34.5 percent of total imports in 2019.
- The import composition at the HS-06 level is led by 'Petroleum Oils and Oils obtained from Bituminous Minerals, Crude' (HS-270900). The falling oil prices are reflected in the import bill falling from \$28.45 billion in 2018 to \$22.28 billion in 2019. Moreover, oil is also used as a raw material in the petrochemical industry, the Thai manufacturing sector's strength.
- Ten out of the top 25 items belong to the 'Electrical Machinery and Mechanical Appliances' group. These items contributed 10.3 percent to the total imports in 2019.
- Gold, diamonds, articles of iron and steel and plastics products were also significant imports in 2019.

FIGURE 3-7 Thailand’s Top Import Sourcing Markets, 2019

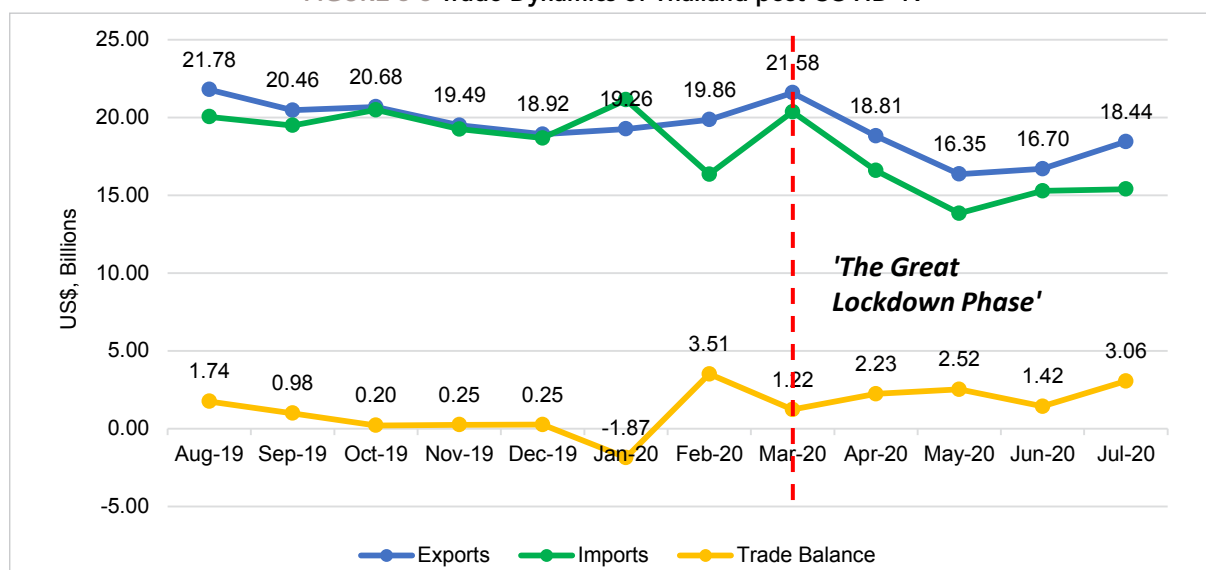


Source: ITC, Trade Map

3.2.1 Impact of COVID-19 on Trade

Thailand is one of the East Asia Pacific (EAP) countries that experienced larger than global average losses in exports.⁴³ Thailand’s exports decreased by 10.1 percent in dollar terms in April and May 2020 combined from the same period a year earlier.

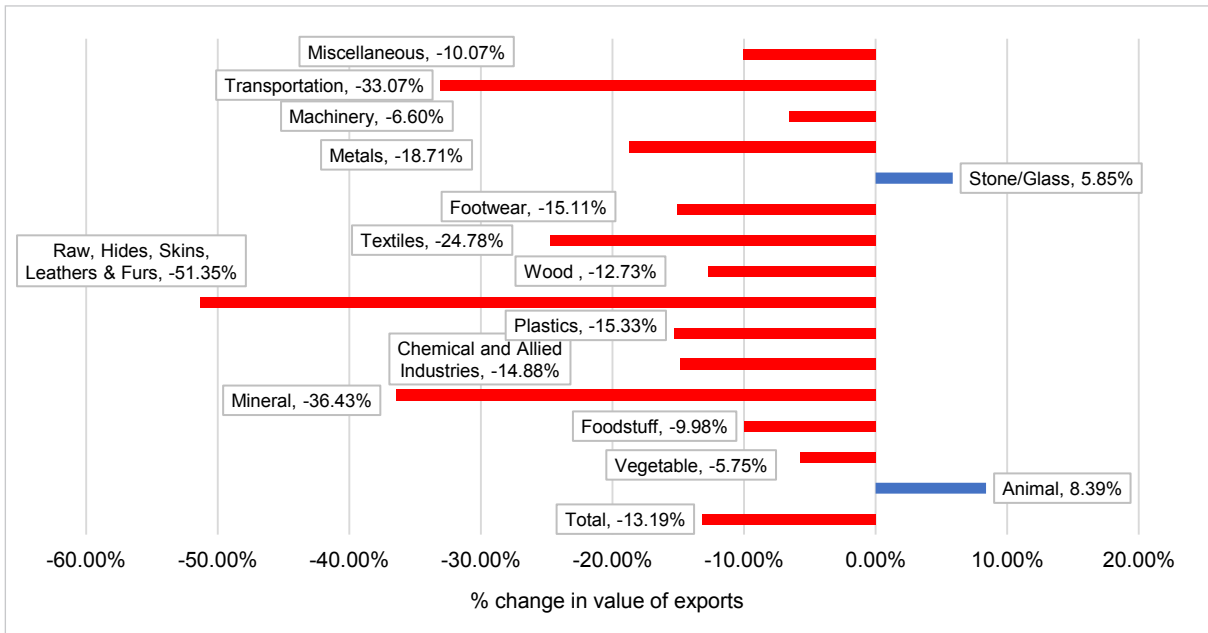
FIGURE 3-8 Trade Dynamics of Thailand post COVID-19



Source: ITC, Trade Map

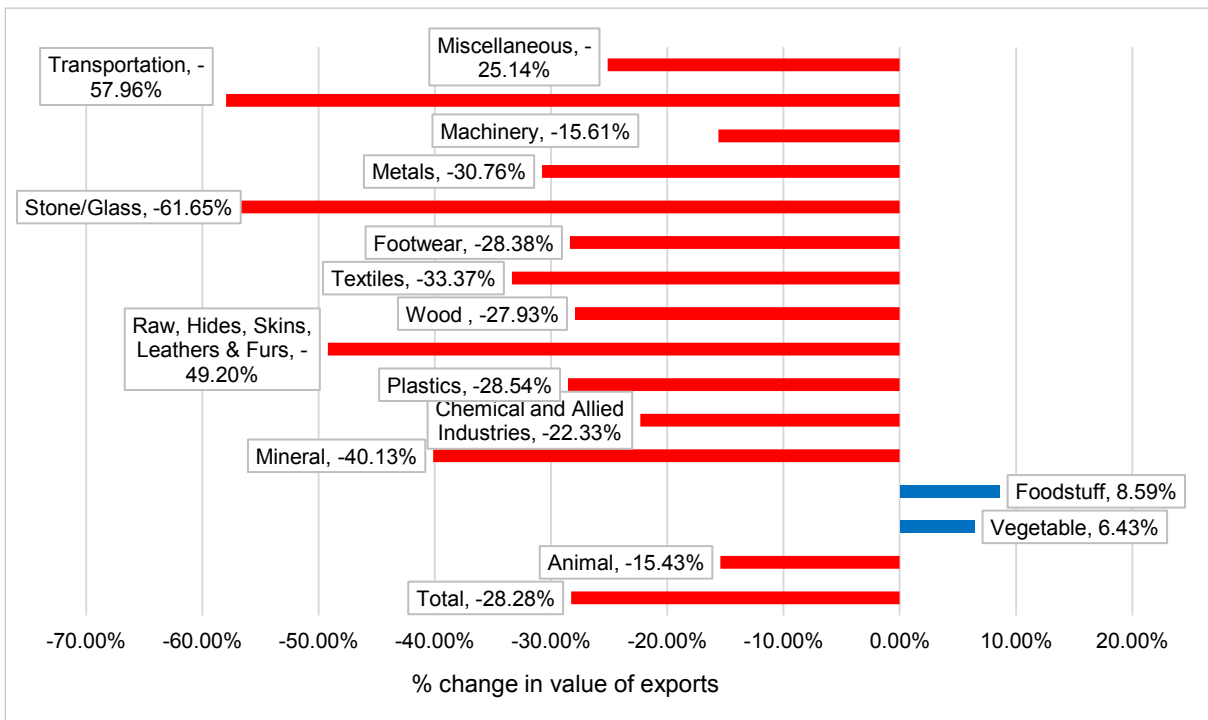
43 <http://documents1.worldbank.org/curated/en/295991586526445673/pdf/The-Potential-Impact-of-COVID-19-on-GDP-and-Trade-A-Preliminary-Assessment.pdf>

FIGURE 3-9 Export Dynamics of Thailand post COVID-19



Notes: Change in value of exports in July 2020 over July 2019.
Source: ITC, Trade Map

FIGURE 3-10 Import Dynamics of Thailand post COVID-19



Notes: Change in value of imports in July 2020 over July 2019.
Source: ITC, Trade Map

Chapter 4

Trade Policies

4.1 Pakistan

Table 4-1 Non-Tariff Barriers (NTBs) imposed by Pakistan on the World

Country imposing	Partner affected	Requirements	Phase	Measures
Pakistan	All Members	Export-related measures	In force	36
Pakistan	All Members	Other measures	In force	1
Pakistan	All Members	Pre-shipment inspection	In force	9
Pakistan	All Members	Quantity control measures	In force	27
Pakistan	All Members	Sanitary and Phytosanitary	In force	32
Pakistan	All Members	Technical Barriers to Trade	In force	26
Pakistan	Bilateral	Export-related measures	In force	7
Pakistan	Bilateral	Pre-shipment inspection	In force	1
Pakistan	Bilateral	Price control measures	In force	1
Pakistan	Bilateral	Quantity control measures	In force	3
Pakistan	Bilateral	Sanitary and Phytosanitary	In force	18

Source: UNCTAD TRAINS - Non-Tariff Measures

The following figure shows the number of trade policy interventions implemented by Pakistan's government on Thailand between 2009 and 2019, separated into whether the intervention was harmful or liberalizing. In 2019, Pakistan's government made around six policy interventions that were harmful to trade liberalization between Pakistan and Thailand.

FIGURE 4-1 Number of New Interventions Implemented by Pakistan on Thailand

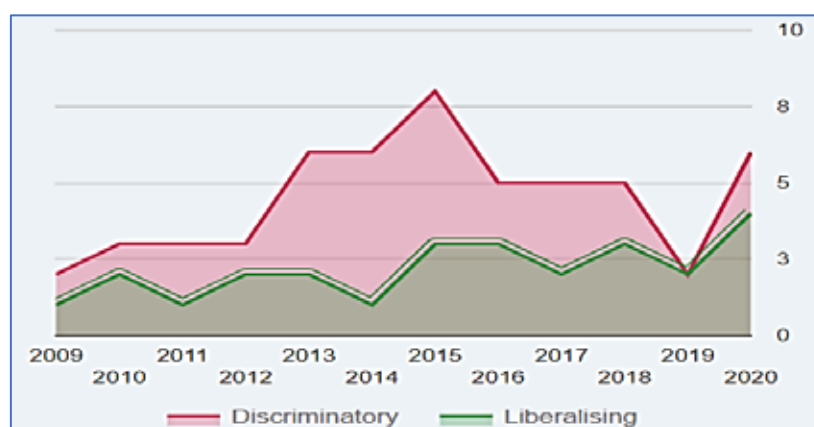


FIGURE 4-2 Thai Sectors Most Affected by Harmful Interventions by Pakistan

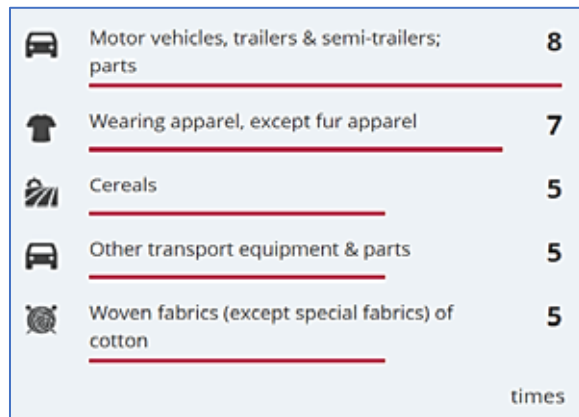
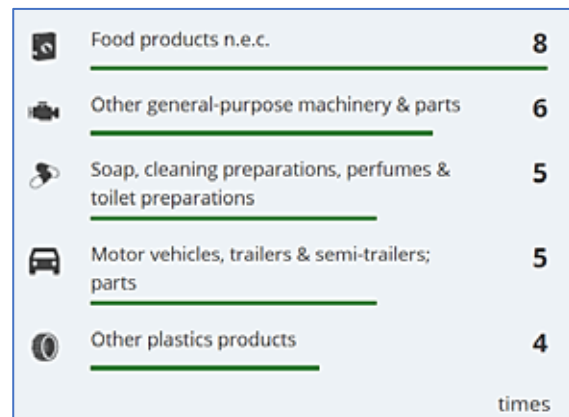


FIGURE 4-3 Thai Sectors Most Affected by Liberalizing Interventions by Pakistan



4.2 Thailand

The following table shows the number of Non-Tariff measures imposed by Thailand. With respect to the Technical Barriers to Trade (TBT) requirement, Thailand is an active participant in international and regional standard organizations such as International Organization for Standardization, the Pacific Area Standards Congress, and the ASEAN Consultative Committee for Standards and Quality. The number of TBTs imposed by Thailand in the world is 1,047.

Table 4-2 Non-Tariff Barriers (NTBs) imposed by Thailand on the World

Country imposing	Partner affected	Requirements	Phase	Measures
Thailand	All Members	Export-related measures	In force	304
Thailand	All Members	Other measures	In force	1
Thailand	All Members	Pre-shipment inspection	In force	41
Thailand	All Members	Price control measures	In force	46
Thailand	All Members	Quantity control measures	In force	106
Thailand	All Members	Sanitary and Phytosanitary	In force	550
Thailand	All Members	Technical Barriers to Trade	In force	1,047
Thailand	Bilateral	Contingent trade protective measures	In force	1
Thailand	Bilateral	Export-related measures	In force	148
Thailand	Bilateral	Pre-shipment inspection	In force	137
Thailand	Bilateral	Price control measures	In force	125
Thailand	Bilateral	Quantity control measures	In force	11
Thailand	Bilateral	Sanitary and Phytosanitary	In force	708
Thailand	Bilateral	Technical Barriers to Trade	In force	52

Source: UNCTAD TRAINS - Non-Tariff Measures

The following figure shows the number of trade policy interventions implemented by the Kingdom of Thailand on Pakistan between 2009 and 2018, separated into whether the intervention was harmful or liberalizing.

FIGURE 4-4 Number of New Interventions Implemented by Thailand on Pakistan

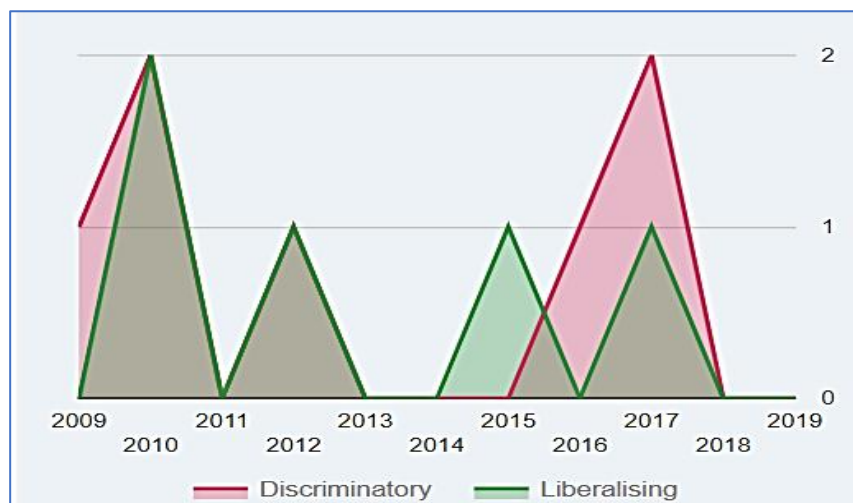







FIGURE 4-5 Pakistani Sectors Most Affected by Harmful Interventions by Thailand

	Forage; natural rubber; living plants; raw vegetable materials	2
	Prepared & preserved fish, crustaceans, molluscs	2
	Wearing apparel, except fur apparel	2
	Jewellery & related articles	1
	Crustaceans, live, fresh or chilled	1
		times

FIGURE 4-6 Pakistani Sectors Most Affected by Liberalizing Interventions by Thailand

	Prepared & preserved fish, crustaceans, molluscs	2
	Agricultural or forestry machinery & parts	2
	Oilseeds & oleaginous fruits	1
	Crustaceans, live, fresh or chilled	1
	Woven fabrics of man-made filaments & staple fibres	1
		times

Chapter 5

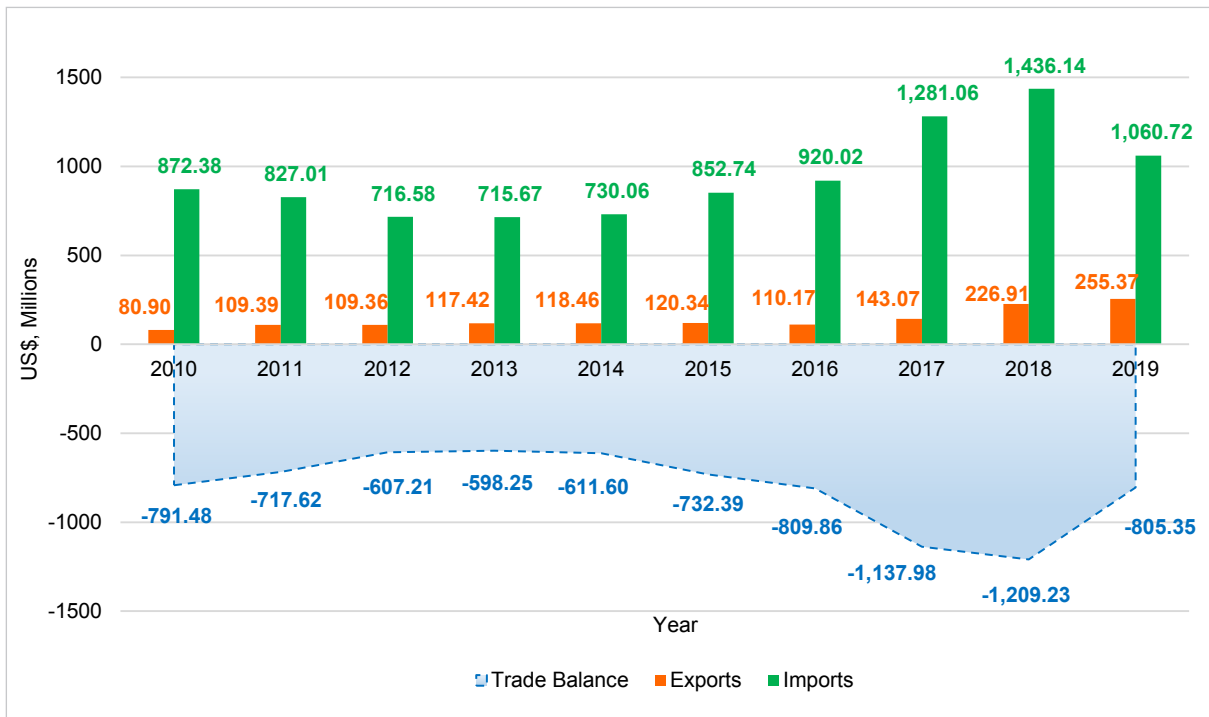
Pakistan – Thailand Bilateral Trade

5.1 Trade Trends

5.1.1 Pakistan – Thailand Bilateral Trade, 2010–19

Diplomatic relations between Pakistan and Thailand have improved over the past 70 years, and trade has increased. However, accounting for a mere 1.8 percent of Pakistan’s total bilateral trade in 2019, Thailand is not a major trading partner. Bilateral trade has always been in favor of Thailand. Pakistan is consistently facing trade deficits with Thailand for many years. The graph below shows the trends of goods exported to and imported from Thailand along with the balance of trade for Pakistan for the period 2010–19.

FIGURE 5-1 Pakistan – Thailand Bilateral Trade



Source: ITC, Trade Map

• Trend in Exports

Thailand is the 19th largest export destination for Pakistan. For the nine-year period 2010 to 2019, the highest exports from Pakistan to Thailand were recorded in 2019 when they amounted to \$255.37 million. Pakistan’s exports to Thailand have had a CAGR of 13.6 percent for the nine-year period.

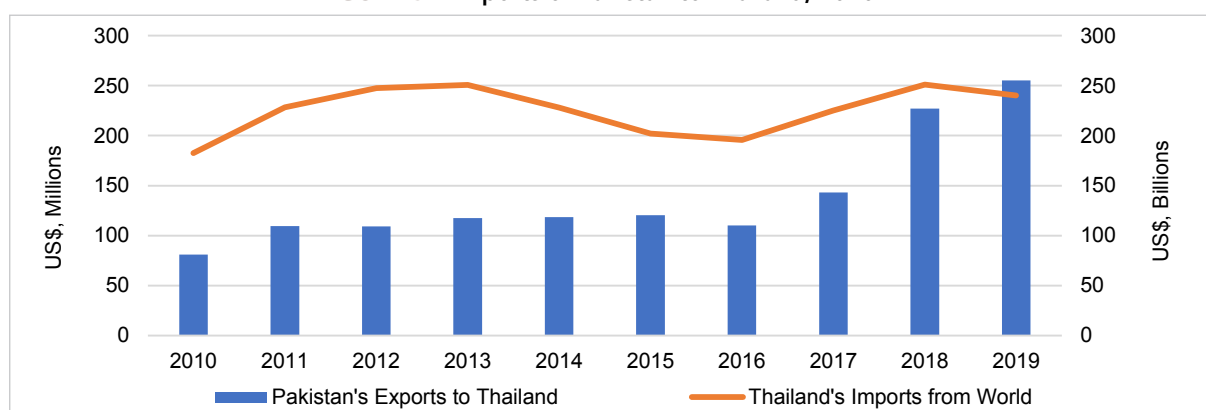
• Trend in Imports

On the import side, Thailand is the 10th largest import sourcing partner for Pakistan. Pakistan’s imports from Thailand in 2019 were valued at \$1.06 billion. Pakistan’s imports in 2019 decreased by 26 percent over 2018, reducing the trade deficit by \$403.88 million. Pakistan imports have had a CAGR of 2.2 percent for the last nine years.

5.1.2 Pakistan’s Trade with Thailand in Last Ten Years

To better understand trends in bilateral trade, Pakistan’s exports to Thailand have been compared with Thailand’s imports from the world in the last ten years in Figure 5-2. Similarly, in Figure 5-3, a ten-year comparison has been made between Pakistan’s imports from Thailand and Thailand’s exports to the world. The correlation coefficient is also calculated to identify the strength of the relationship between the two variables.⁴⁴

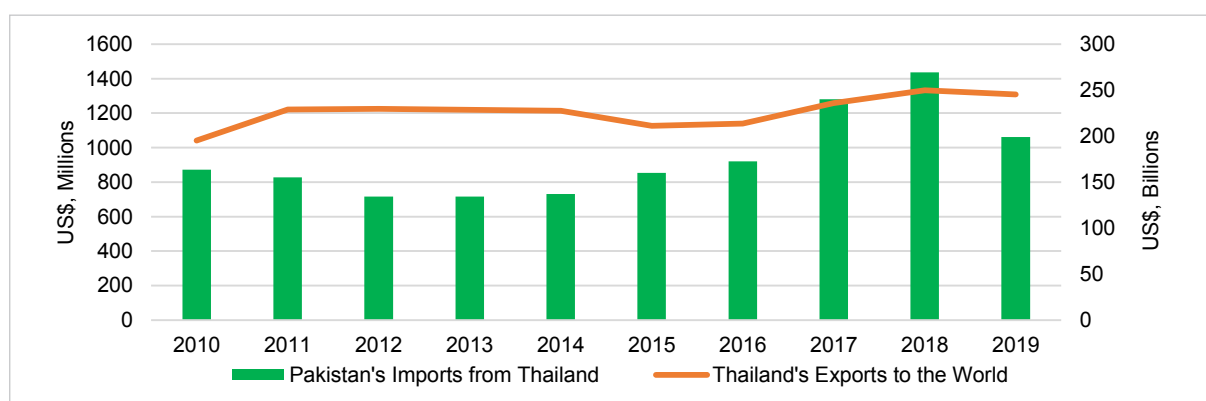
FIGURE 5-2 Exports of Pakistan to Thailand, 2010-19



Source: ITC, Trade Map

Thailand’s imports from the world had a positive and moderate correlation with Pakistan’s exports to Thailand, i.e., 0.52 over the period 2010 to 2019. This means that in the years where Thailand increased its total imports from the world, Pakistan’s exports to Thailand also grew. Pakistan’s exports to Thailand were lowest in 2010 and highest in 2019.

FIGURE 5-3 Imports of Pakistan from Thailand, 2010-19



Source: ITC, Trade Map

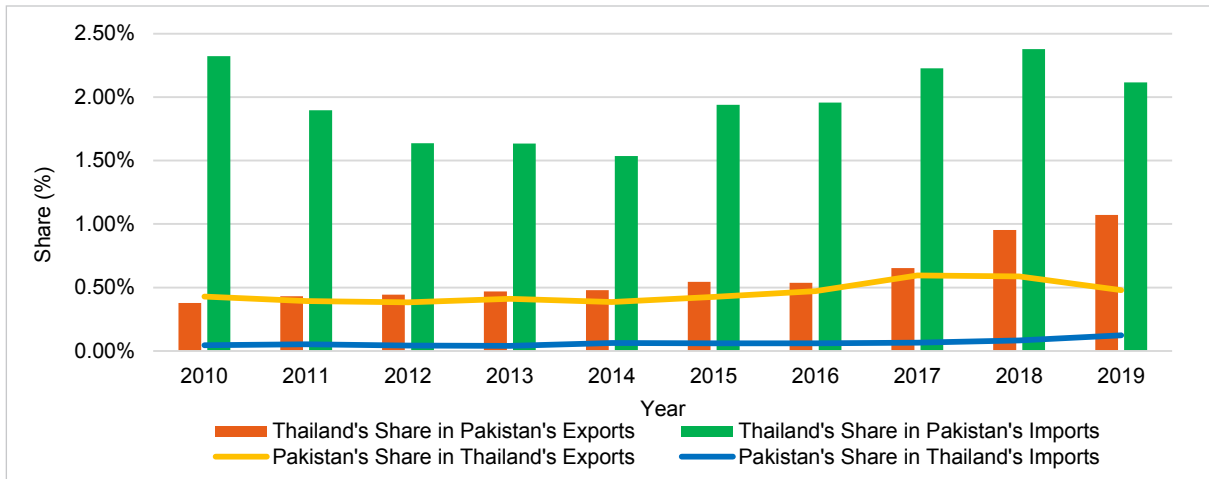
Thailand’s exports to the world had a positive and moderate correlation with Pakistan’s imports from Thailand, i.e., 0.53 over the period 2010 to 2019. This means that in the years where Thailand increased its total exports to the world, Pakistan’s imports from Thailand also grew. Pakistan’s imports from Thailand were lowest in 2013 and highest in 2018.

44 Correlation Coefficients are between -1 and 1. A robust positive correlation ranges from 0.5 to 1.0. Moderate positive correlation ranges from 0.3 to 0.49. The weak positive correlation ranges from 0.1 to 0.29. A strong negative correlation ranges from -1.0 to -0.5. Moderate negative correlation ranges from -0.49 to -0.3. Weak negative correlation ranges from -0.29 to -0.1.

5.1.3 Importance of Pakistan – Thailand Bilateral Trade

The graph below shows the importance of bilateral trade for both Pakistan and Thailand. The figure shows that Thailand's share in Pakistan's imports is far more significant than Pakistan's share of Thailand's imports for the period 2010-19. Nonetheless, even without a free trade agreement, Pakistan and Thailand share an important bilateral trade relation, with Thailand being Pakistan's 17th largest export destination and 10th largest import sourcing partner. Similarly, Pakistan is Thailand's second-largest trading partner in South Asia after India.

FIGURE 5-4 Importance of Bilateral Trade for Pakistan and Thailand



Source: ITC, Trade Map

5.1.4 Compound Annual Growth Rate in Bilateral Trade

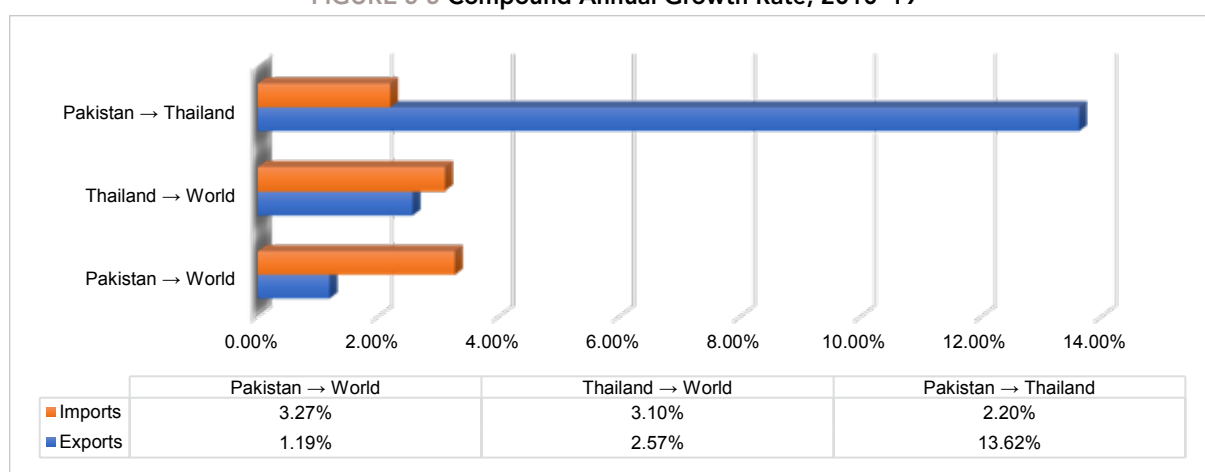
The Compound Annual Growth Rate (CAGR) is the average annual growth rate of a quantity over a specified period.

$$CAGR_{ijk} = \left[\left(\frac{x_{ijkt2}}{x_{ijkt1}} \right)^{\frac{1}{n}} \right] - 1$$

Where ' x_{ijkt2} ' is the value of exports of product 'k' from the country 'i' to country 'j' in t2 i.e., ending the year 2018 and ' x_{ijkt1} ' is the value of exports of product 'k' from the country 'i' to country 'j' in t1 i.e., the beginning year 2009 and 'n' is the number of years.

The graph below shows the Compound Annual Growth Rate (CAGR) in bilateral trade between Pakistan and Thailand and their trade with the world over a period of ten years i.e., 2010-19. As can be seen from the figure, Pakistan's total exports to Thailand increased with a CAGR of 13.6 percent. In contrast, Pakistan's exports to the world and Thailand's imports from the world increased by a CAGR of 1.2 percent and 3.1 percent respectively. On the other hand, Pakistan's imports from the world increased by more than Pakistan's imports from Thailand with a CAGR of 3.3 percent and 2.2 percent, respectively. This indicates that during this period, Thailand was not an important import sourcing market for Pakistan.

FIGURE 5-5 Compound Annual Growth Rate, 2010–19



Source: ITC, Trade Map

5.1.5 Discrepancies in Bilateral Trade Data

The table below shows the discrepancy between Pakistan's reported values of exports to Thailand and Thailand's reported imports from Pakistan, for the years 2018 and 2019. There are differences in the trade values reported by Pakistan and Thailand. Pakistan's reported exports to Thailand for the year 2019 are lower than the mirror values reported by Thailand for the same year. This shows that exports destined for Thailand in all probability are under-invoiced.⁴⁵ The highest discrepancy was recorded in the exports of 'Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes' (HS-27) when Thailand's imports from Pakistan were reported as \$60.33 million, while Pakistan's exports to Thailand for the same product were reported as \$36.96 million.

Table 5-1 Discrepancy in Export Data of Pakistan

All values in US\$, Millions

Product code	Product label	Direct Data		Mirror Data		Discrepancy	
		2018	2019	2018	2019	2018	2019
TOTAL	All products	226.91	255.37	205.46	294.47	21.45	-39.10
03	Fish and crustaceans, molluscs and other aquatic invertebrates	115.09	161.59	115.83	168.78	-0.74	-7.19
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	23.03	36.96	0.00	60.33	23.03	-23.37
52	Cotton	11.75	5.85	8.80	3.90	2.95	1.95
22	Beverages, spirits and vinegar	5.32	5.39	5.25	6.09	0.07	-0.70
73	Articles of iron or steel	5.59	5.20	0.24	0.23	5.35	4.97

Source: ITC, Trade Map

The table below shows the discrepancy between the reported values of Pakistan's imports from Thailand and Thailand's reported exports to Pakistan for the years 2018 and 2019. On the aggregate level, Pakistan's imports from Thailand appear to be under-invoiced. However, at the product level, the highest discrepancy was recorded in the imports of 'Vehicles other than railway or tramway rolling stock, and parts and accessories thereof' (HS-87) when Pakistan's imports from Thailand were reported as \$371.63 million. In comparison, Thailand's exports to Pakistan for the same product were reported as \$243.08 million.

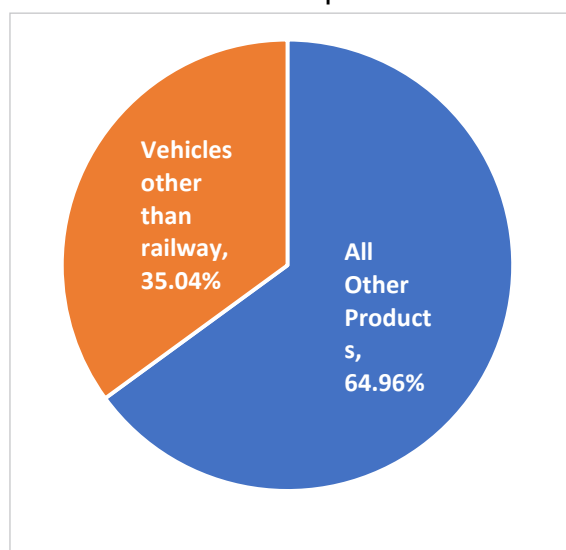
⁴⁵ Under-invoicing: The act of deliberately recording a lower value on the invoice than the commodity's actual value.

Table 5-2 Discrepancy in Import Data of Pakistan*All values in US\$, Millions*

Product code	Product label	Direct Data		Mirror Data		Discrepancy	
		2018	2019	2018	2019	2018	2019
TOTAL	All products	1,436.14	1,060.72	1,466.12	1,175.69	-29.99	-114.97
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	635.86	371.63	359.88	243.08	275.99	128.55
29	Organic chemicals	145.32	122.81	151.66	143.86	-6.35	-21.05
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	135.34	97.40	176.97	115.82	-41.62	-18.42
39	Plastics and articles thereof	77.01	80.80	89.67	86.74	-12.66	-5.95
55	Man-made staple fibres	61.00	69.52	66.61	75.95	-5.60	-6.43

Source: ITC, Trade Map

The figure below shows Pakistan's lack of product diversification and export composition in the Thai market. The category of 'Vehicles other than Railway' collectively accounts for 35.0 percent of Pakistan's total exports to Thailand in 2019.

FIGURE 5-6 Pakistan's Vehicle Imports from Thailand in 2019

Source: ITC, Trade Map

The table below shows the leading exporters to the Pakistani market ranked according to the magnitude of discrepancy rather than trade volume. Out of the top ten exporters to Pakistan, Japan and Thailand combined accounted for more than two-thirds of the total imports of vehicles (HS-87) at the two-digit level.

Table 5-3 Discrepancy in Import of Vehicles for Pakistan

All values in US\$, Millions

Exporting Country	Discrepancy				
	2015	2016	2017	2018	2019
Japan	139.39	93.30	16.69	178.76	153.58
Thailand	108.32	133.36	217.85	275.99	128.55
Philippines	-19.83	-5.10	5.14	16.53	10.94
Indonesia	-1.96	-2.96	6.90	18.39	9.13
Malaysia	-9.52	-11.18	-4.36	2.53	4.23
United States of America	-25.08	-9.02	-27.38	3.63	-3.39
Germany	-13.92	-25.11	-13.70	-13.71	-15.41
Korea, Republic of	-6.85	-7.60	-1.34	-7.93	-32.17
China	-40.75	-69.30	-73.95	-52.03	-53.23
Belarus	-4.54	-6.18	3.76	2.74	-

Source: ITC, Trade Map

5.1.6 Trade Complementarity Index (TCI)

The trade complementarity index indicates the extent to which a reporting country's export profile matches or complements the import profile of a partner country. A high degree of complementarity is assumed to indicate more favorable prospects for a successful trade arrangement. It is calculated using the formula given below:

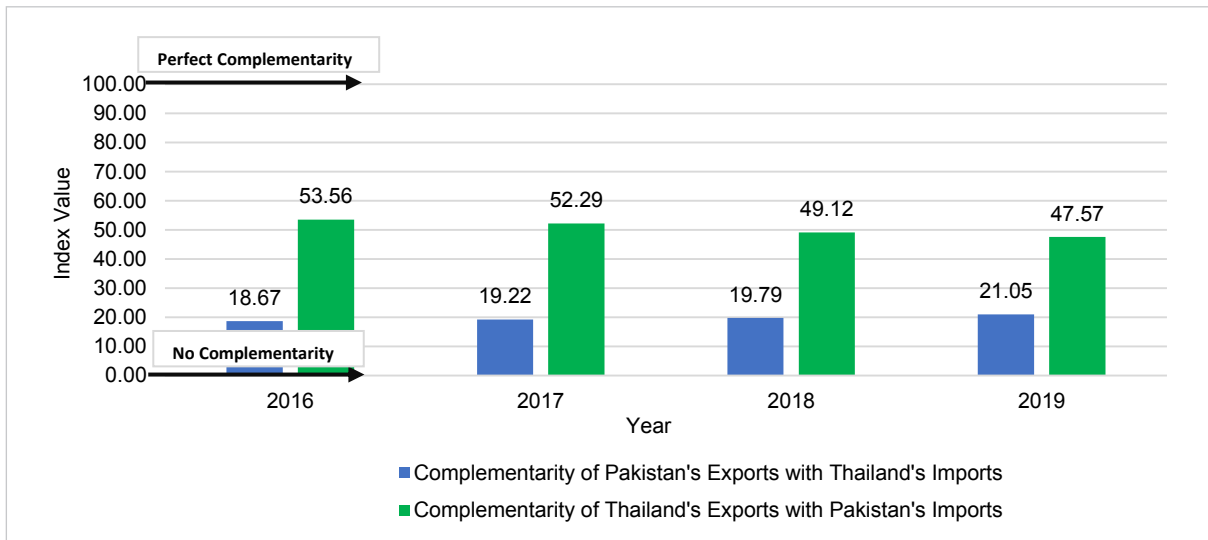
$$\text{Complementarity of country } i \text{'s exports with country } j \text{'s imports} = 100 * \left\{ 1 - \sum \left(\frac{m_{jk} - x_{ik}}{2} \right) \right\}$$

Where 'x_{ik}' is the share of product 'k' in exports of reporting country to the world and 'm_{jk}' is the share of product 'k' in imports of partner country from the world.

$$\text{Complementarity of country } j \text{'s exports with country } i \text{'s imports} = 100 * \left\{ 1 - \sum \left(\frac{m_{ik} - x_{jk}}{2} \right) \right\}$$

Where 'x_{jk}' is the share of product 'k' in exports of reporting country to the world and 'm_{ik}' is the share of product 'k' in imports of partner country from the world. TCI ranges from 0 to 100. A score of 100 represents perfect complementarity and that the countries are ideal trading partners. On the other hand, no complementarity indicates that the countries are perfect competitors represented by zero. TCI can be a useful indicator to determine prospective bilateral trade agreements.

FIGURE 5-7 Trade Complementarity Index (TCI)



Source: World Integrated Trade Solution (WITS)

The graph illustrates that Thailand's exports complement Pakistan's imports better than Pakistan's exports complementing Thailand's imports. Irrespective of the current bilateral trade between the two countries, Thailand has an advantage; it is better suited to supply to the Pakistani markets than Pakistan is suited to supply to the Thai markets. However, over the span of four years from 2016 to 2019, Pakistan's exports have become increasingly complementary to Thailand's imports. Pakistan had a TCI of 21.05 in 2019, up from 18.67 in 2016, an increase of 2.38 points. This increment is an indication that over the last four years, the Thai import basket and the Pakistani export basket have become more similar. Thai exports however have drifted in the opposite direction, with the TCI falling from 53.56 in 2016 to 47.57 in 2019.

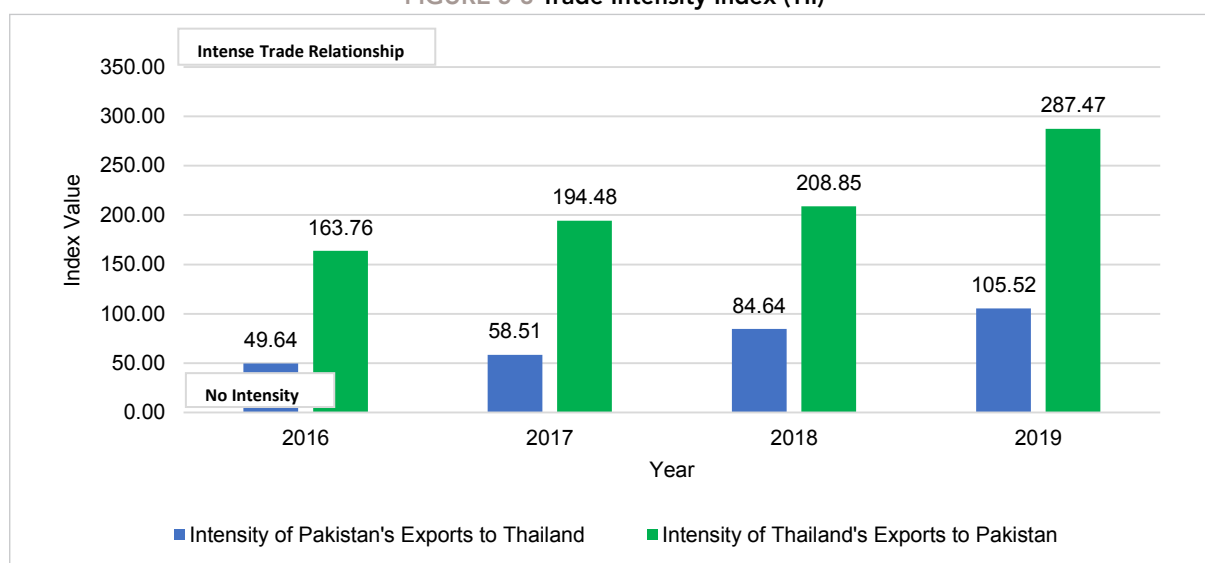
5.1.7 Trade Intensity Index (TII)

Trade intensity Index is used to evaluate the intensity of bilateral trade between the countries based on their importance in world trade. It is defined as the share of one country's exports going to the partner country divided by the percentage of world exports going to the partner. It is calculated as:

$$TII_{ij} = \frac{X_{ij}/X_{it}}{X_{wj}/X_{wt}}$$

where ' X_{ij} ' is one country's exports to the partner country and ' X_{it} ' is the country's exports to the world. Similarly, ' X_{wj} ' is the world exports to the partner country and ' X_{wt} ' is the total world exports. A higher value of the index indicates larger than expected trade flows are given their importance in world trade. For the period 2016–18, Pakistan's TII is less than 100, meaning that Pakistan is trading less with Thailand than it should. On the contrary, in 2019, Pakistan's TII exceeds 100, meaning that Pakistan's trade performance is significant. It is exporting more to Thailand than might be expected from Pakistan's share in world trade.

FIGURE 5-8 Trade Intensity Index (TII)



Source: World Integrated Trade Solution (WITS)

5.2 Comparative Advantages of Pakistan and Thailand

5.2.1 Revealed Comparative Advantage (RCA)

The Revealed Comparative Advantage index, commonly referred to as the Balassa index, is used to compute a country's advantage (disadvantage) over others in a specific product group. It is based on the Ricardian theory of comparative advantage.⁴⁶ It is computed as:

$$RCA_{ik} = \frac{X_{ik}/X_{wk}}{X_i/X_w}$$

Where, 'X_{ik}' is country k's exports to the world in a given product group, i.e. 'i'; 'X_{wk}' is country k's total exports to the world; 'X_i' is the total exports of the world of the particular product group and 'X_w' is the total exports of the world. A country has a comparative advantage over another nation if the RCA index's value exceeds 1, meaning that a state can produce that product at a relatively low opportunity cost or an autarky price. The RCA index shows the countries' actual gains of trade based on their technological advancement and factor endowments. The law demonstrates that the countries will produce more and consume less of a product for which they possess a comparative advantage in free trade. In 2019, Pakistan had a comparative advantage in 26 out of 99 commodity groups.

⁴⁶ David Ricardo developed the classical comparative advantage theory in 1817 to explain why countries engage in international trade even when one country's workers are more efficient at producing every single good than workers in other countries.

Table 5-4 Pakistan's Top 10 Revealed Comparative Advantages for sector wise product exports to World

Product code	Product label	RCA 2015	Product code	Product label	RCA 2019
52	Cotton	53.49	63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	48.36
63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	45.87	52	Cotton	46.11
10	Cereals	13.98	10	Cereals	17.12
11	Products of the milling industry; malt; starches; inulin; wheat gluten	13.82	61	Articles of apparel and clothing accessories, knitted or crocheted	9.96
41	Raw hides and skins (other than furskins) and leather	10.56	62	Articles of apparel and clothing accessories, not knitted or crocheted	9.39
25	Salt; sulphur; earths and stone; plastering materials, lime and cement	8.92	41	Raw hides and skins (other than furskins) and leather	9.16
61	Articles of apparel and clothing accessories, knitted or crocheted	8.05	25	Salt; sulphur; earths and stone; plastering materials, lime and cement	7.55
62	Articles of apparel and clothing accessories, not knitted or crocheted	7.28	17	Sugars and sugar confectionery	6.87
42	Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles ...	6.87	55	Man-made staple fibres	6.77
17	Sugars and sugar confectionery	6.57	11	Products of the milling industry; malt; starches; inulin; wheat gluten	6.12

Source: Data sourced from ITC, Trade Map

Table 5-5 Thailand's Top 10 Revealed Comparative Advantages for sector wise product exports to World

Product code	Product label	RCA 2015	Product code	Product label	RCA 2019
16	Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	10.51	16	Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	9.90
11	Products of the milling industry; malt; starches; inulin; wheat gluten	5.91	93	Arms and ammunition; parts and accessories thereof	8.32
40	Rubber and articles thereof	5.74	17	Sugars and sugar confectionery	6.49
17	Sugars and sugar confectionery	5.53	40	Rubber and articles thereof	6.34
10	Cereals	3.51	11	Products of the milling industry; malt; starches; inulin; wheat gluten	5.69
20	Preparations of vegetables, fruit, nuts or other parts of plants	2.92	10	Cereals	2.99
21	Miscellaneous edible preparations	2.46	80	Tin and articles thereof	2.97
55	Man-made staple fibres	2.41	41	Raw hides and skins (other than furskins) and leather	2.59
35	Albuminoidal substances; modified starches; glues; enzymes	2.15	55	Man-made staple fibres	2.58
07	Edible vegetables and certain roots and tubers	2.12	20	Preparations of vegetables, fruit, nuts or other parts of plants	2.51

Source: Data sourced from ITC, Trade Map

5.2.2 Revealed Market Access Index (RMA)

The study performed by (Mamoon *et al.*, 2011) from the Pakistan Institute of Trade and Development (PITAD) computed Revealed Market Access (RMA) index to explore market access issues faced by the exporting country. RMA is an extension of Revealed Comparative Advantage (RCA) that helps assess by product whether there is any evidence that Pakistani access to the Thai market is higher or lower than that suggested by its RCA.

$$RMA_{i,k} = BRCA/RCA$$

This index's concept is that Pakistan should gain entry into the Thai market following its global comparative advantage. Following the demand, there will be for the given product in the Thai market. An $RMA > 1$ shows that Pakistan has better access for the given product in the Thai market than other exporters to Thailand and relative to its revealed comparative advantage. An $RMA < 1$ suggests that Pakistan is not entering the Thai market at the rate that would be expected according to its global revealed comparative advantage. Pakistan faces more market access barriers in the Thai market compared to other exporters to Thailand.

Table 5-6 Revealed Market Access Index of Pakistan's Exports to Thailand

Average RMAs Greater than 1 (2015-19)			Average RMAs Less than 1 (2015-19)		
Code	Product Label	RMA >1	Code	Product Label	RMA <1
67	Prepared feathers and down and articles made of feathers or of down; artificial flowers; articles of human hair	757.65	70	Glass and glassware	0.91
99	Commodities not elsewhere specified	79.34	06	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	0.78
71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin	63.47	51	Wool, fine or coarse animal hair; horsehair yarn and woven fabric	0.61
88	Aircraft, spacecraft, and parts thereof	58.89	22	Beverages, spirits and vinegar	0.60
16	Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	57.46	54	Man-made filaments; strip and the like of man-made textile materials	0.51
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	31.39	95	Toys, games and sports requisites; parts and accessories thereof	0.46
35	Albuminoidal substances; modified starches; glues; enzymes	23.53	58	Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	0.44
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	23.33	56	Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	0.42
33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	22.21	26	Ores, slag and ash	0.41
48	Paper and paperboard; articles of paper pulp, of paper or of paperboard	19.46	02	Meat and edible meat offal	0.41
83	Miscellaneous articles of base metal	16.38	96	Miscellaneous manufactured articles	0.39
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	14.20	68	Articles of stone, plaster, cement, asbestos, mica or similar materials	0.37
53	Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	12.72	97	Works of art, collectors pieces and antiques	0.30

Average RMAs Greater than 1 (2015-19)			Average RMAs Less than 1 (2015-19)		
Code	Product Label	RMA >1	Code	Product Label	RMA <1
73	Articles of iron or steel	12.34	82	Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	0.29
03	Fish and crustaceans, molluscs and other aquatic invertebrates	11.41	12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	0.21
40	Rubber and articles thereof	11.08	94	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated signs, illuminated nameplates and the like; prefabricated buildings	0.20
32	Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring matter; paints and varnishes; putty and other mastics; inks	10.01	41	Raw hides and skins (other than furskins) and leather	0.15
29	Organic chemicals	7.39	60	Knitted or crocheted fabrics	0.13
72	Iron and steel	5.64	55	Man-made staple fibres	0.06
05	Products of animal origin, not elsewhere specified or included	5.26	21	Miscellaneous edible preparations	0.06
30	Pharmaceutical products	5.15	13	Lac; gums, resins and other vegetable saps and extracts	0.06
59	Impregnated, coated, covered or laminated textile fabrics; textile articles of a kind suitable for industrial use	4.38	09	Coffee, tea, maté and spices	0.05
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	4.37	25	Salt; sulphur; earths and stone; plastering materials, lime and cement	0.05
79	Zinc and articles thereof	4.35	89	Ships, boats and floating structures	0.05
47	Pulp of wood or of other fibrous cellulosic material; recovered (waste and scrap) paper or paperboard	4.31	08	Edible fruit and nuts; peel of citrus fruit or melons	0.04
38	Miscellaneous chemical products	3.80	64	Footwear, gaiters and the like; parts of such articles	0.04
49	Printed books, newspapers, pictures and other products of the printing industry; manuscripts, typescripts and plans	3.70	74	Copper and articles thereof	0.04
23	Residues and waste from the food industries; prepared animal fodder	3.59	44	Wood and articles of wood; wood charcoal	0.03
20	Preparations of vegetables, fruit, nuts or other parts of plants	3.41	42	Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut (other than silkworm gut)	0.03
92	Musical instruments; parts and accessories of such articles	2.82	69	Ceramic products	0.03
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	2.18	57	Carpets and other textile floor coverings	0.03
65	Headgear and parts thereof	1.62	19	Preparations of cereals, flour, starch or milk; pastrycooks products	0.03
39	Plastics and articles thereof	1.56	10	Cereals	0.02

Average RMAs Greater than 1 (2015-19)			Average RMAs Less than 1 (2015-19)		
Code	Product Label	RMA >1	Code	Product Label	RMA <1
34	Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles and similar articles, modelling pastes, 'dental waxes' and dental preparations with a basis of plaster	1.53	07	Edible vegetables and certain roots and tubers	0.02
76	Aluminium and articles thereof	1.07	52	Cotton	0.01
			28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	0.01
			61	Articles of apparel and clothing accessories, knitted or crocheted	0.01
			93	Arms and ammunition; parts and accessories thereof	0.01
			11	Products of the milling industry; malt; starches; inulin; wheat gluten	0.01
			62	Articles of apparel and clothing accessories, not knitted or crocheted	0.00
			14	Vegetable plaiting materials; vegetable products not elsewhere specified or included	0.00
			63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	0.00

Source: Data sourced from ITC, Trade Map

5.3 Pakistan and Thailand Bilateral Trade – By Product

5.3.1 Pakistan's Top 10 Exports to Thailand at HS-02 Level

The following table shows the top ten product groups exported by Pakistan to Thailand at the HS-02 level and their export patterns since 2015. Additionally, the share of each product category in total exports along with their Compound Annual Growth Rate (CAGR) for the period 2010–19 is also given. The table also represents the percentage share of each export category in Pakistan's overall exports to Thailand. The table also displays the percentage share of each export category in overall world exports.

Table 5-7 Pakistan's Top 10 Exports to Thailand at HS-02 Level

All values in US\$, Millions

Product code	Product label	2015	2016	2017	2018	2019	Share in Total Exports to Thailand 2019 (%)	Share in Pakistan's World Exports 2019 (%)	CAGR 2010–19 (%)
TOTAL	All products	120.34	110.17	143.07	226.91	255.37	100.00%	1.07%	13.62%
03	Fish and crustaceans, molluscs and other aquatic invertebrates	56.28	53.70	84.48	115.09	161.59	63.28%	33.98%	26.52%
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	0.00	0.00	0.00	23.03	36.96	14.47%	9.90%	-
52	Cotton	28.73	15.35	17.01	11.75	5.85	2.29%	0.18%	-16.93%
22	Beverages, spirits and vinegar	2.22	2.52	2.59	5.32	5.39	2.11%	1.67%	18.90%
73	Articles of iron or steel	0.25	0.23	2.32	5.59	5.20	2.03%	7.80%	40.28%
63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	1.15	1.55	1.35	2.13	4.31	1.69%	0.11%	29.97%
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	2.24	2.64	2.77	6.76	3.50	1.37%	0.77%	7.39%
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	0.49	1.13	1.69	3.11	2.93	1.15%	1.05%	3.73%
25	Salt; sulphur; earths and stone; plastering materials, lime and cement	1.93	0.13	0.60	1.58	2.71	1.06%	0.62%	21.21%
61	Articles of apparel and clothing accessories, knitted or crocheted	0.76	1.01	1.02	2.04	2.56	1.00%	0.08%	29.83%

Source: ITC, Trade Map

Key Findings:

- In calendar year 2019, Pakistan exported \$255.37 million worth of products to Thailand at the HS-02-digit level.
- The top 10 products exported by Pakistan are classified under seafood, mineral fuels, cotton, beverages, articles of iron and steel, textiles, machinery, surgical instruments, and salt. The top 10 exports accounted for 90.5 percent of total exports, indicating that exports to Thailand are highly concentrated.

- At the two-digit level, 'Fish and crustaceans' is the top category that accounted for 63.3 percent of the total exports in 2019.
- Pakistan's leading export to Thailand is fish; this category ranked 7th on the list of products exported from Pakistan, accounting for a mere 2.0 percent or \$475.49 million of Pakistan's total export revenue.
- Furthermore, the 'Fish and crustaceans' category ranked 14th in Thailand's total imports, and Pakistan occupied the 14th position as a 'Fish and crustaceans' exporter to Thailand. One possible reason leading to lower trade volume for Pakistan is the tariff rate Pakistani exporters face i.e., 5 percent. China is the top exporter of 'Fish and crustaceans' to Thailand. Table 11 shows that Chinese exporters face a zero tariff while their Pakistani counterparts have to pay a 5 percent ad-valorem tariff, making Pakistani exports expensive. The favorable conditions for Chinese exporters are a direct result of the FTA between Thailand and China.
- Pakistan is the 4th largest exporter of 'Cotton' (HS-52), contributing 5.9 percent to world exports of 'Cotton' (HS-52) in 2019. Also, for the same product category, Pakistan is the 18th largest import sourcing market for Thailand. Pakistan's exports of 'Cotton' (HS-52) to Thailand have been declining since 2015.

Table 5-8 Ad-Valorem Tariff Comparison at HS-02 Level – 2019

Product code	Product label	Pakistan	India	China	Japan	Australia	New Zealand
03	Fish and crustaceans, molluscs and other aquatic invertebrates	5%	2%	0%	1%	0%	0%
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	4%	0%	0%	0%	0%	0%
52	Cotton	3%	1%	0%	0%	0%	0%
22	Beverages, spirits and vinegar	59%	38%	6%	8%	5%	5%
73	Articles of iron or steel	8%	5%	2%	5%	0%	0%
63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	26%	5%	0%	0%	0%	0%
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	3%	0%	0%	0%	0%	0%
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	2%	0%	1%	0%	0%	0%
25	Salt; sulphur; earths and stone; plastering materials, lime and cement	4%	3%	3%	0%	0%	0%
61	Articles of apparel and clothing accessories, knitted or crocheted	30%	10%	0%	0%	0%	0%

Source: ITC, Trade Map

5.3.2 Pakistan's Top 25 Exports to Thailand at HS-06 Level

The following table shows the top exported items by Pakistan to Thailand at the HS-06 Level and their export patterns since 2015. Additionally, the share of each product category in total exports to the world along with their Compound Annual Growth Rate (CAGR) for the period 2010–19, is also given. The table also represents the percentage share of each export category in Pakistan's overall exports to Thailand.

Table 5-9 Pakistan's Top 25 Exports to Thailand at HS-06 Level

All values in US\$, Millions

Product code	Product label	2015	2016	2017	2018	2019	Share in Total Exports to Thailand 2019 (%)	Share in Pakistan's World Exports 2019 (%)	CAGR 2010–19 (%)
TOTAL	All products	120.34	110.17	143.07	226.91	255.37	100.00%	1.07%	13.62%
030339	Frozen flat fish "Pleuronectidae, Bothidae, Cynoglossidae, Soleidae, Scopthalmidae and Citharidae" (excluding halibut, plaice, sole and turbot)	21.60	13.36	29.65	41.57	55.95	21.91%	32.35%	27.99%
030319	Frozen salmonidae (excluding trout and Pacific, Atlantic and Danube salmon)	19.33	19.29	24.54	27.60	37.72	14.77%	37.54%	61.14%
270900	Petroleum oils and oils obtained from bituminous minerals, crude	0.00	0.00	0.00	23.03	35.47	13.89%	14.26%	-
030329	Frozen, Nile perch (<i>Lates niloticus</i>) and snakeheads (<i>Channa</i> spp.)	0.43	2.65	7.24	9.96	22.33	8.74%	63.31%	-
030354	Frozen mackerel "Scomber scombrus, Scomber australasicus, Scomber japonicus"	2.84	8.02	7.63	0.00	12.84	5.03%	99.43%	-
030499	Frozen fish meat n.e.s. (excluding fillets)	1.34	0.73	5.24	9.58	9.33	3.66%	45.72%	-
030614	Frozen crabs, even smoked, whether in shell or not, incl. crabs in shell, cooked by steaming or by boiling in water	0.57	1.61	3.25	8.61	8.69	3.40%	37.20%	59.79%
030617	Frozen shrimps and prawns, even smoked, whether in shell or not, incl. shrimps and prawns in shell, cooked by steaming or by boiling in water (excluding cold-water shrimps and prawns)	6.47	3.39	3.37	4.23	7.56	2.96%	10.38%	-
220720	Denatured ethyl alcohol and other spirits of any strength	2.19	2.52	2.55	5.32	5.35	2.10%	26.18%	23.36%
630900	Worn clothing and clothing accessories, blankets and travelling rugs, household linen and articles for interior furnishing, of all types of textile materials, incl. all types of footwear and headgear, showing signs of appreciable wear and presented in bulk or in bales, sacks or similar packings (excluding carpets, other floor coverings and tapestries)	0.95	1.23	1.18	1.94	3.87	1.52%	11.67%	31.55%

All values in US\$, Millions

Product code	Product label	2015	2016	2017	2018	2019	Share in Total Exports to Thailand 2019 (%)	Share in Pakistan's World Exports 2019 (%)	CAGR 2010–19 (%)
730890	Structures and parts of structures, of iron or steel, n.e.s. (excluding bridges and bridge-sections, towers and lattice masts, doors and windows and their frames, thresholds for doors, props and similar equipment for scaffolding, shuttering, propping or pit-propping)	0.00	0.00	1.09	2.51	2.91	1.14%	24.63%	43.77%
901890	Instruments and appliances used in medical, surgical or veterinary sciences, n.e.s.	1.93	2.13	2.67	2.23	2.67	1.05%	0.66%	5.32%
030779	Smoked, frozen, dried, salted or in brine, even in shell, clams, cockles and ark shells "families Arcidae, Arctiidae, Cardiidae, Donacidae, Hiatellidae, Mactridae, Mesodesmatidae, Myidae, Semelidae, Solecurtidae, Solenidae, Tridacnidae and Veneridae"	0.00	0.25	0.39	1.09	2.05	0.80%	83.19%	-
731029	Tanks, casks, drums, cans, boxes and similar containers, of iron or steel, for any material, of a capacity of < 50 l, n.e.s. (excluding containers for compressed or liquefied gas, or containers fitted with mechanical or thermal equipment, and cans which are to be closed by soldering or crimping)	0.02	0.03	1.12	3.03	1.93	0.76%	28.68%	-
880390	Parts of aircraft and spacecraft, n.e.s.	0.00	0.00	0.10	0.44	1.89	0.74%	4.48%	-
252620	Natural steatite and talc, crushed or powdered	1.58	0.07	0.39	0.82	1.77	0.69%	3.17%	-
030349	Frozen tunas of the genus "Thunnus" (excluding Thunnus alalunga, Thunnus albacares, Thunnus obesus, Thunnus thynnus, Thunnus orientalis and Thunnus maccoyii)	0.14	0.13	0.00	0.01	1.72	0.67%	21.48%	31.11%
320415	Synthetic organic vat dyes, incl. those usable in that state as pigments; preparations based on synthetic organic vat dyes of a kind used to dye fabrics or produce colorant preparations (excluding preparations of heading 3207, 3208, 3209, 3210, 3213 and 3215)	0.00	1.04	1.48	1.34	1.71	0.67%	7.75%	-
030389	Frozen fish, n.e.s.	1.09	1.27	0.00	1.20	1.49	0.59%	67.97%	-
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, n.e.s.	0.00	0.00	0.00	0.00	1.49	0.58%	1.21%	-

All values in US\$, Millions

Product code	Product label	2015	2016	2017	2018	2019	Share in Total Exports to Thailand 2019 (%)	Share in Pakistan's World Exports 2019 (%)	CAGR 2010–19 (%)
050690	Bones and horn-cores and their powder and waste, unworked, defatted, degelatinised or simply prepared (excluding ossein and bones treated with acid and cut to shape)	2.98	2.00	1.90	0.81	1.40	0.55%	12.36%	-
410712	Grain splits leather "incl. parchment-dressed leather", of the whole hides and skins of bovine "incl. buffalo" or equine animals, further prepared after tanning or crusting, without hair on (excluding chamois leather, patent leather and patent laminated leather, and metallised leather)	3.03	1.97	1.75	1.68	1.30	0.51%	1.89%	34.72%
840710	Spark-ignition reciprocating or rotary internal combustion piston engine, for aircraft	0.00	0.00	0.38	1.48	1.26	0.49%	4.12%	-
080410	Fresh or dried dates	0.00	0.00	0.01	0.00	1.22	0.48%	1.69%	-
520912	Woven fabrics of cotton, containing \geq 85% cotton by weight and weighing $>$ 200 g/m ² , in three-thread or four-thread twill, incl. cross twill, unbleached	3.23	1.44	0.18	1.24	1.13	0.44%	1.12%	-

Source: ITC, Trade Map

Key Findings:

- The Top 25 exports to Thailand at HS-06 accounted for 88.1 percent of Pakistan's total exports to Thailand.
- Ten out of the top 25 items belong to the 'Fish and Crustaceans' (HS-03) group. These items contributed 62.5 percent of the total exports to Thailand.
- At the six-digit level, Pakistani exporters face a 5 percent tariff on frozen mackerel against duty-free access for Chinese and Australian mackerel.

5.3.3 Share in Thailand's Imports for Pakistan's Top 25 Global Exports at HS-06 Level

Table 5-10 Thailand's Imports of Pakistan's Top 25 Exported Products

All values in US\$, Millions

Product Code	Product Label	Pakistan		Thailand					
		Pakistan's Exports to the World 2019	Top 3 Export Destinations, Share in Pakistan's Exports (%)	Thailand's Imports from the World 2019	Thailand's Imports from Pakistan 2019	Pakistan's Share in Thailand's Imports 2019 (%)	Tariffs applied by Thailand on Pakistan (%)	Top 3 Import Sourcing Markets, Share in Thailand's Imports (%)	Average Tariff applied by Thailand on these countries (%)
TOTAL	All products	23,818.82	USA, 17.00% China, 8.6% UK, 7.1%	240,139.20	294.47	0.12%	0.00%	China, 21.20% Japan, 14.00% USA, 7.40%	
100630	Semi-milled or wholly milled rice, whether or not polished or glazed	1,786.25	China, 13.50% UAE, 12.90% Kenya, 10.00%	13.02	0.85	6.51%	52.00%	Viet Nam, 23.00% Japan, 10.80% Pakistan, 6.50%	Viet Nam, 52.00% Japan, 52.00% Pakistan, 52.00%
620322	Men's or boys' ensembles of cotton (excluding knitted or crocheted, ski ensembles and swimwear)	1,618.51	USA, 24.90% Spain, 15.80% Germany, 11.40%	0.45	0.01	1.78%	30.00%	China, 65.90% UK, 6.20% Bangladesh, 5.10%	China, 0.00% UK, 0.00% Bangladesh, 0.00%
630231	Bedlinen of cotton (excluding printed, knitted or crocheted)	855.93	USA, 14.10% Germany, 13.20% UK, 11.30%	8.85	0.20	2.26%	30.00%	China, 90.80% Pakistan, 2.30% Viet Nam, 1.30%	China, 0.00% Pakistan, 30.00% Viet Nam, 0.00%
630260	Toilet linen and kitchen linen, of terry towelling or similar terry fabrics of cotton (excluding ...)	787.44	USA, 42.50% UK, 9.90% Netherlands, 6.90%	28.11	0.03	0.09%	30.00%	China, 83.60% Viet Nam, 7.20% India, 5.10%	China, 0.00% Viet Nam, 0.00% India, 12.00%
630239	Bedlinen of textile materials (excluding of cotton and man-made fibres, printed, knitted or ...)	710.80	UK, 30.40% USA, 20.20% Spain, 6.20%	1.03	0.00	0.19%	30.00%	China, 85.10% Cambodia, 5.20% USA, 1.80%	China, 0.00% Cambodia, 0.00% USA, 30.00%
630210	Bedlinen, knitted or crocheted	696.19	USA, 33.80% Germany, 12.90% UK, 10.90%	0.50	0.01	1.20%	30.00%	China, 56.00% Italy, 9.80% India, 8.60%	China, 0.00% Italy, 30.00% India, 12.00%
520512	Single cotton yarn, of uncombed fibres, containing >= 85% cotton by weight and with a linear ...	696.17	China, 81.50% Bangladesh, 6.30% Japan, 2.30%	22.89	0.29	1.28%	5.00%	India, 46.50% Viet Nam, 32.00% Japan, 16.90%	India, 0.00% Viet Nam, 0.00% Japan, 0.00%
520942	Denim, containing >= 85% cotton by weight and weighing > 200 g/m ² , made of yarn of different ...	498.35	Bangladesh, 50.80% Turkey, 17.50% Egypt, 9.10%	8.42	0.59	7.04%	5.00%	India, 33.30% China, 29.80% Pakistan, 7.00%	India, 5.00% China, 0.00% Pakistan, 5.00%
630710	Floorcloths, dishcloths, dusters and similar cleaning cloths, of all types of textile materials	407.89	USA, 78.40% UK, 5.20% Netherlands, 2.30%	20.37	0.00	0.01%	30.00%	China, 55.10% Japan, 17.60% USA, 8.30%	China, 0.00% Japan, 0.00% USA, 30.00%
901890	Instruments and appliances used in medical, surgical or veterinary sciences, n.e.s.	405.51	USA, 30.60% Germany, 13.20% UK, 8.90%	248.45	1.56	0.63%	0.00%	USA, 24.30% Germany, 16.60% Viet Nam, 10.10%	USA, 0.00% Germany, 0.00% Viet Nam, 0.00%
620342	Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton (excluding ...)	400.50	USA, 15.90% Spain, 12.60% Germany, 11.50%	47.72	1.58	3.31%	30.00%	China, 37.20% Bangladesh, 13.30% Viet Nam, 9.20%	China, 0.00% Bangladesh, 30.00% Viet Nam, 0.00%

All values in US\$, Millions

Pakistan				Thailand					
Product Code	Product Label	Pakistan's Exports to the World 2019	Top 3 Export Destinations, Share in Pakistan's Exports (%)	Thailand's Imports from the World 2019	Thailand's Imports from Pakistan 2019	Pakistan's Share in Thailand's Imports 2019 (%)	Tariffs applied by Thailand on Pakistan (%)	Top 3 Import Sourcing Markets, Share in Thailand's Imports (%)	Average Tariff applied by Thailand on these countries (%)
610590	Men's or boys' shirts of textile materials, knitted or crocheted (excluding of cotton or man-made ...	328.57	USA, 42.50% UK, 21.30% Netherlands, 5.60%	4.21	0.00	0.07%	30.00%	China, 87.20% Italy, 1.60% USA, 1.30%	China, 0.00% Italy, 30.00% USA, 30.00%
611090	Jerseys, pullovers, cardigans, waistcoats and similar articles, of textile materials, knitted ...	323.32	USA, 39.60% UK, 19.40% Spain, 9.60%	7.49	0.02	0.31%	30.00%	China, 57.30% Italy, 17.00% Myanmar, 5.90%	China, 0.00% Italy, 30.00% Myanmar, 0.00%
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	314.81	USA, 39.40% Germany, 12.70% UK, 11.40%	105.85	2.20	2.07%	30.00%	China, 39.10% Viet Nam, 13.60% Cambodia, 8.50%	China, 0.00% Viet Nam, 0.00% Cambodia, 0.00%
220710	Undenatured ethyl alcohol, of actual alcoholic strength of >= 80%	301.87	Korea, 18.10% Netherlands, 14.30% Italy, 10.90%	6.19	-	0.00%	102.00%	South Africa, 51.20% Viet Nam, 17.10% Germany, 15.80%	South Africa, 102.50% Viet Nam, 0.00% Germany, 102.50%
740319	Copper, refined, unwrought (excluding copper in the form of billets, wire-bars, cathodes and ...	259.71	China, 99.90%	25.77	-	0.00%	0.00%	Japan, 76.60% Taipei, Chinese, 16.40% Austria, 3.80%	Japan, 0.00% Taipei, Chinese, 0.00% Austria, 0.00%
420310	Articles of apparel, of leather or composition leather (excluding clothing accessories, footwear ...	258.66	Germany, 27.70% USA, 13.20% Netherlands, 7.80%	1.85	0.01	0.76%	30.00%	Italy, 61.10% France, 13.20% China, 12.0%	Italy, 30.00% France, 30.00% China, 0.00%
100640	Broken rice	255.73	Indonesia, 19.8% China, 14.40% Senegal, 12.10%	2.78	0.00	0.04%	52.00%	Myanmar, 83.50% Viet Nam, 12.30% Lao PDR, 2.90%	Myanmar, 0.00% Viet Nam, 0.00% Lao PDR, 0.00%
270900	Petroleum oils and oils obtained from bituminous minerals, crude	248.81	UAE, 60.40% Malaysia, 15.70% Thailand, 14.30%	22,284.24	60.33	0.27%	0.00%	UAE, 26.80% Saudi Arabia, 20.20% USA, 9.10%	UAE, 0.00% Saudi Arabia, 0.00% USA, 0.00%
520812	Plain woven fabrics of cotton, containing >= 85% cotton by weight and weighing > 100 g to 200 ...	238.16	Italy, 14.00% Korea, 13.10% Portugal, 12.90%	36.64	0.09	0.23%	5.00%	India, 54.90% China, 44.50% Pakistan, 0.20%	India, 0.00% China, 0.00% Pakistan, 5.00%
100620	Husked or brown rice	232.92	UK, 24.30% Belgium, 20.40% Italy, 16.10%	0.08	-	0.00%	52.00%	Thailand, 95.10% India, 3.70% USA, 1.20%	India, 52.00% USA, 52.00%
420329	Gloves, mittens and mitts, of leather or composition leather (excluding special sports gloves)	230.08	USA, 24.90% Canada, 10.80% Germany, 9.80%	4.89	0.42	8.50%	30.00%	China, 54.10% India, 16.10% Pakistan, 8.50%	China, 0.00% India, 12.00% Pakistan, 30.00%
611595	Full-length or knee-length stockings, socks and other hosiery, incl. footwear without applied ...	220.52	USA, 33.40% Netherlands, 21.70% Germany, 10.10%	5.50	0.13	2.31%	30.00%	China, 75.50% Turkey, 7.30% Viet Nam, 4.00%	China, 0.00% Turkey, 30.00% Viet Nam, 0.00%

All values in US\$, Millions

Pakistan				Thailand					
Product Code	Product Label	Pakistan's Exports to the World 2019	Top 3 Export Destinations, Share in Pakistan's Exports (%)	Thailand's Imports from the World 2019	Thailand's Imports from Pakistan 2019	Pakistan's Share in Thailand's Imports 2019 (%)	Tariffs applied by Thailand on Pakistan (%)	Top 3 Import Sourcing Markets, Share in Thailand's Imports (%)	Average Tariff applied by Thailand on these countries (%)
170199	Cane or beet sugar and chemically pure sucrose, in solid form (excluding cane and beet sugar ...	218.47	Afghanistan, 58.40% China, 38.40% Tajikistan, 2.60%	0.24	-	0.00%	94.00%	Belgium, 30.80% USA, 26.30% Australia, 15.40%	Belgium, 94.00% USA, 94.00% Australia, 94.00%
390761	Poly"ethylene terephthalate", in primary forms, having a viscosity number of >= 78 ml/g	217.75	-	77.02	-	0.00%	#N/A	-	-

Source: ITC, Trade Map

5.3.4 Composition of Pakistan's Exports to Thailand (2019)

FIGURE 5-9 Composition of Pakistan's Exports to Thailand, 2019



Source: ITC, Trade Map

5.3.5 Pakistan's Top 10 Imports from Thailand at HS-02 Level

The following table shows the top ten product groups imported by Pakistan from Thailand at the HS-02 level and their import patterns since 2015. Additionally, the share of each product category in total imports along with their Compound Annual Growth Rate (CAGR) for the period 2010–19 is also given. The table also represents the percentage share of each import category in the overall imports of Pakistan from Thailand along with the percentage share of each import category in total world imports.

Table 5-11 Pakistan's Top 10 Imports from Thailand at HS-02 Level

All values in US\$, Millions

Product code	Product label	2015	2016	2017	2018	2019	Share in Total Imports from Thailand 2019 (%)	Share in Pakistan's World Imports 2019 (%)	CAGR 2010-19 (%)
TOTAL	All products	852.74	920.02	1281.06	1,436.14	1,060.72	100.00%	2.12%	2.20%
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	324.22	363.86	559.31	635.86	371.63	35.04%	25.30%	6.03%
29	Organic chemicals	22.93	50.34	89.59	145.32	122.81	11.58%	5.19%	12.40%
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	65.41	81.04	133.61	135.34	97.40	9.18%	2.06%	9.22%
39	Plastics and articles thereof	77.64	65.05	68.13	77.01	80.80	7.62%	3.65%	1.85%
55	Man-made staple fibres	67.66	52.48	50.75	61.00	69.52	6.55%	11.53%	4.68%
40	Rubber and articles thereof	58.44	65.98	75.65	68.82	38.87	3.66%	9.97%	-0.56%
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	33.48	31.18	42.03	45.29	33.45	3.15%	0.78%	-1.56%
54	Man-made filaments; strip and the like of man-made textile materials	8.75	13.99	25.31	30.22	30.25	2.85%	4.65%	1.50%
09	Coffee, tea, maté and spices	3.64	8.30	21.61	22.35	23.92	2.26%	3.60%	11.29%
10	Cereals	7.98	13.58	19.61	14.68	16.17	1.52%	16.89%	27.04%

Source: ITC, Trade Map

Key Findings:

- In calendar year 2019, Pakistan imported \$1.06 billion worth of products from Thailand.
- Post-2010, overall imports from Thailand declined gradually before improving once again in 2015.
- The most significant decline of 41.6 percent was recorded in imports of 'Vehicles other than railway or tramway rolling stock' (HS-87).
- The top 10 imports accounted for 83.4 percent of total imports, indicating Thailand's imports are highly concentrated. High-value consumer and capital goods dominate Pakistan's overall imports from Thailand. The auto-sector of Pakistan can only provide a limited number of options to the local consumers. Moreover, the automobile manufacturers in Pakistan rely heavily on their parent organizations for parts and components to be used in local vehicle assembly. The government of Pakistan as a policy has protected the auto industry. None of Pakistan's trade agreements has granted preferential access to the auto sector to any partner.

5.3.6 Pakistan's Top 25 Imports from Thailand at HS-06 Level

The following table shows the top imported items by Pakistan from Thailand at the HS-06 Level and their import patterns since 2014. Additionally, the share of each product category in total imports from the world along with their Compound Annual Growth Rate (CAGR) for the period 2010–19 is also given. The table also represents the percentage share of each import category in Pakistan's overall imports from Thailand.

Table 5-12 Pakistan's Top 25 Imports from Thailand at HS-06 Level

All values in US\$, Millions

Product code	Product label	2015	2016	2017	2018	2019	Share in Total Imports from Thailand 2019 (%)	Share in Pakistan's World Imports 2019 (%)	CAGR 2010–19 (%)
TOTAL	All products	852.74	920.02	1,281.06	1,436.14	1,060.72	100.00%	2.12%	2.20%
291736	Terephthalic acid and its salts	16.70	41.31	67.52	136.94	102.18	9.63%	93.08%	11.92%
870322	Motor cars and other motor vehicles principally designed for the transport of persons, incl. station wagons and racing cars, with spark-ignition internal combustion reciprocating piston engine of a cylinder capacity > 1.000 cm ³ but <= 1.500 cm ³ (excluding vehicles for the transport of persons on snow and other specially designed vehicles of subheading 8703.10)	118.01	120.43	121.59	124.41	90.91	8.57%	41.14%	-1.57%
870321	Motor cars and other motor vehicles principally designed for the transport of persons, incl. station wagons and racing cars, with spark-ignition internal combustion reciprocating piston engine of a cylinder capacity <= 1.000 cm ³ (excluding vehicles for the transport of persons on snow and other specially designed vehicles of subheading 8703.10)	5.32	12.25	80.79	95.96	68.94	6.50%	22.06%	29.80%
870323	Motor cars and other motor vehicles principally designed for the transport of persons, incl. station wagons and racing cars, with spark-ignition internal combustion reciprocating piston engine of a cylinder capacity > 1.500 cm ³ but <= 3.000 cm ³ (excluding vehicles for the transport of persons on snow and other specially designed vehicles of subheading 8703.10)	56.80	67.59	143.28	126.91	67.94	6.41%	37.41%	8.31%
870421	Motor vehicles for the transport of goods, with compression-ignition internal combustion piston engine "diesel or semi-diesel engine" of a gross vehicle weight <= 5 t (excluding dumpers for off-highway use of subheading 8704.10 and special purpose motor vehicles of heading 8705)	48.39	59.24	71.78	75.26	41.07	3.87%	68.12%	11.43%
550410	Staple fibres of viscose rayon, not carded, combed or otherwise processed for spinning	20.17	28.56	19.20	29.90	40.02	3.77%	13.62%	5.64%
870829	Parts and accessories of bodies for tractors, motor vehicles for the transport of ten or more persons, motor cars and other motor vehicles principally designed for the transport of persons, motor vehicles for the transport of goods and special purpose motor vehicles (excluding bumpers and parts thereof and safety seat belts)	41.97	56.27	72.43	97.05	39.60	3.73%	58.67%	5.77%
840991	Parts suitable for use solely or principally with spark-ignition internal combustion piston engine, n.e.s.	12.32	22.52	45.28	60.30	38.61	3.64%	40.18%	44.00%
091011	Ginger, neither crushed nor ground	2.64	6.94	20.25	20.18	21.88	2.06%	26.18%	-
390210	Polypropylene, in primary forms	13.26	9.03	9.51	20.07	21.75	2.05%	4.53%	16.22%

All values in US\$, Millions

Product code	Product label	2015	2016	2017	2018	2019	Share in Total Imports from Thailand 2019 (%)	Share in Pakistan's World Imports 2019 (%)	CAGR 2010-19 (%)
540233	Textured filament yarn of polyester (excluding that put up for retail sale)	4.83	9.46	19.86	21.87	20.79	1.96%	10.28%	0.88%
870333	Motor cars and other motor vehicles principally designed for the transport of persons, incl. station wagons and racing cars, with compression-ignition internal combustion piston engine "diesel or semi-diesel engine" of a cylinder capacity > 2.500 cm ³ (excluding vehicles for the transport of persons on snow and other specially designed vehicles of subheading 8703.10)	-	-	0.12	30.70	20.17	1.90%	60.92%	71.64%
400110	Natural rubber latex, whether or not prevulcanised	15.48	14.95	23.45	21.24	18.24	1.72%	79.77%	-2.39%
851220	Electrical lighting or visual signalling equipment for motor vehicles (excluding lamps of heading 8539)	17.65	16.48	18.01	21.30	17.37	1.64%	70.64%	3.24%
100510	Maize seed for sowing	7.89	13.51	19.54	14.68	16.17	1.52%	31.57%	27.23%
870899	Parts and accessories, for tractors, motor vehicles for the transport of ten or more persons, motor cars and other motor vehicles principally designed for the transport of persons, motor vehicles for the transport of goods and special purpose motor vehicles, n.e.s.	20.48	17.46	18.49	22.40	14.46	1.36%	29.52%	0.41%
390230	Propylene copolymers, in primary forms	4.48	4.19	9.00	9.14	13.00	1.23%	9.12%	10.75%
550320	Staple fibres of polyesters, not carded, combed or otherwise processed for spinning	5.46	3.46	4.37	2.66	11.61	1.09%	12.24%	2.93%
401120	New pneumatic tyres, of rubber, of a kind used for buses and lorries (excluding tyres with lug, corner or similar treads)	29.92	33.66	33.30	29.61	9.93	0.94%	16.20%	-1.31%
940190	Parts of seats, n.e.s.	7.85	8.72	15.12	16.75	9.73	0.92%	44.46%	19.59%
290121	Ethylene	-	-	6.99	-	9.23	0.87%	12.47%	#DIV/0!
550330	Acrylic or modacrylic staple fibres, not carded, combed or otherwise processed for spinning	22.61	8.47	14.06	17.81	8.93	0.84%	53.74%	4.34%
480262	Uncoated paper and paperboard, of a kind used for writing, printing or other graphic purposes, and non-perforated punchcards and punch-tape paper, in square or rectangular sheets with one side <= 435 mm and the other side <= 297 mm in the unfolded state, of which > 10% by weight of the total fibre content consists of fibres obtained by a mechanical or chemical process, n.e.s.	6.83	7.21	6.31	8.05	8.08	0.76%	24.15%	2.66%
392010	Plates, sheets, film, foil and strip, of non-cellular polymers of ethylene, not reinforced, laminated, supported or similarly combined with other materials, without backing, unworked or merely surface-worked or merely cut into squares or rectangles (excluding self-adhesive products, and floor, wall and ceiling coverings of heading 3918)	5.02	5.80	6.04	5.91	7.38	0.70%	33.41%	5.55%
841590	Parts of air conditioning machines, comprising a motor-driven fan and elements for changing the temperature and humidity, n.e.s.	9.35	7.61	13.02	10.65	7.23	0.68%	6.31%	-1.99%

Source: ITC, Trade Map

Key Findings:

- In 2018, Pakistan's imports from Thailand witnessed a surge of 12.1 percent. However, imports in 2019 declined by 26 percent.
- The top 25 items accounted for 68.4 percent of total imports from Thailand.
- Seven of the top 25 imported items belong to 'Motor Vehicles' (HS-87). These HS-06 products contributed 32.4 percent to the total imports from Thailand in 2019. Motor vehicles for personal transport with an engine capacity of greater than 1000 CC but less than 1500 CC ranked first, followed by motor vehicles for private transport with engines greater than 1500 CC but less than 3000 CC (luxury cars) being the top two imports.
- Apart from motor vehicles, most of the imports at the HS-06 level are intermediate goods; which aid partly or wholly in the production of finished goods.

5.3.7 Share in Thailand's Exports for Pakistan's Top 25 Global Imports at HS-06 Level

Table 5-13 Thailand's Exports of Pakistan's Top 25 Imported Products

All values in US\$, Millions

Product Code	Product Label	Pakistan			Thailand				
		Pakistan Imports from the World in 2019	Top 3 Import Sourcing Markets, Share in Pakistan's Imports (%)	Average Tariff Applied by Pakistan on these countries (%)	Thailand's Exports to the World in 2019	Thailand's Exports to Pakistan in 2019	Pakistan's Share in Thailand's Exports 2019 (%)	Tariff Applied by Pakistan on Thailand (%)	Top 3 Export Destinations, Share in Thailand's Exports (%)
TOTAL	All products	50,134.81	China, 24.80% UAE, 12.60% USA, 5.20%	-	245,380.47	1,175.69	0.48%	0.00%	USA, 12.80% China, 11.80% Japan, 10.00%
270900	Petroleum oils and oils obtained from bituminous minerals, crude	3,913.91	UAE, 64.20% Saudi Arabia, 35.80%	UAE, 3.00% Saudi Arabia, 3.00%	662.12	-	0.00%	3.00%	China, 44.70% Malaysia, 34.40% Singapore, 18.10%
271012	Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume "incl. ...	3,523.78	UAE, 63.10% Netherlands, 13.50% Singapore, 8.40%	UAE, 7.30% Netherlands, 7.30% Singapore, 7.30%	1,566.34	1.71	0.11%	7.00%	Singapore, 35.30% Cambodia, 22.00% Lao PDR, 10.40%
271111	Natural gas, liquefied	3,269.82	Qatar, 61.90% Nigeria, 8.40% USA, 4.80%	Qatar, 3.00% Nigeria, 3.00% USA, 3.00%	-	-	-	3.00%	-
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	1,863.41	Kuwait, 51.00% UAE, 34.60% Korea, 3.30%	Kuwait, 11.90% UAE, 11.90% Korea, 11.90%	4,926.60	1.88	0.04%	12.00%	Cambodia, 9.50% Malaysia, 0.00% Singapore, 0.00%
151190	Palm oil and its fractions, whether or not refined (excluding chemically modified and crude)	1,557.14	Indonesia, 85.10% Malaysia, 14.90%	Indonesia, 7.00% Malaysia, 7.00%	42.01	-	0.00%	8.00%	Myanmar, 72.90% Cambodia, 11.90% China, 8.60%
270112	Bituminous coal, whether or not pulverised, non-agglomerated	1,157.00	South Africa, 86.10% Indonesia, 8.90% Afghanistan, 3.80%	South Africa, 3.00% Indonesia, 3.00% Afghanistan, 3.00%	0.44	-	0.00%	3.00%	Indonesia, 100.00%
851712	Telephones for cellular networks "mobile telephones" or for other wireless networks	1,019.64	China, 58.90% Viet Nam, 23.80% Asia n.e.s., 12.10%	China, 7.20% Viet Nam, 9.80%	1,254.66	-	0.00%	10.00%	Japan, 64.20% Myanmar, 4.70% Cambodia, 4.40%

All values in US\$, Millions

Product Code	Product Label	Pakistan			Thailand				
		Pakistan Imports from the World in 2019	Top 3 Import Sourcing Markets, Share in Pakistan's Imports (%)	Average Tariff Applied by Pakistan on these countries (%)	Thailand's Exports to the World in 2019	Thailand's Exports to Pakistan in 2019	Pakistan's Share in Thailand's Exports 2019 (%)	Tariff Applied by Pakistan on Thailand (%)	Top 3 Export Destinations, Share in Thailand's Exports (%)
720449	Waste and scrap of iron or steel (excluding slag, scale and other waste of the production of ...	871.45	UAE, 22.60% USA, 22.20% UK, 9.60%	UAE, 9.40% USA, 9.40% UK, 9.40%	36.15	0.88	2.44%	9.00%	Indonesia, 50.70% India, 11.20% Bangladesh, 9.70%
120110	Soya bean seed, for sowing	756.16	USA, 60.50% Brazil, 39.20% UK, 0.20%	USA, 3.00% Brazil, 3.00% UK, 3.00%	0.08	-	0.00%	3.00%	Cambodia, 95.10% Lao PDR, 3.70% Japan, 1.20%
520100	Cotton, neither carded nor combed	709.51	USA, 54.70% Afghanistan, 8.10% India, 7.70%	USA, 3.00% Afghanistan, 3.00% India, 3.00%	0.40	-	0.00%	3.00%	Indonesia, 36.90% Netherlands, 33.40% Malaysia, 14.50%
720441	Turnings, shavings, chips, milling waste, sawdust, filings, trimmings and stampings of iron ...	613.17	UK, 42.30% EU n.e.s., 10.70% UAE, 7.60%	UK, 3.00% UAE, 3.00%	9.37	-	0.00%	3.00%	Lao PDR, 51.80% Bangladesh, 12.10% Indonesia, 11.20%
090240	Black fermented tea and partly fermented tea, whether or not flavoured, in immediate packings ...	481.67	Kenya, 81.60% Rwanda, 7.30% Tanzania, 2.60%	Kenya, 11.00% Rwanda, 11.00% Tanzania, 11.00%	3.67	-	0.00%	11.00%	USA, 43.60% Cambodia, 21.90% China, 12.10%
390210	Polypropylene, in primary forms	479.82	Saudi Arabia, 49.10% UAE, 17.60% India, 8.70%	Saudi Arabia, 11.00% UAE, 11.00% India, 5.00%	767.63	18.44	2.40%	11.00%	China, 30.00% Indonesia, 24.30% Viet Nam, 15.50%
310530	Diammonium hydrogenorthophosphate "diammonium phosphate" (excluding that in tablets or similar ...	457.57	China, 65.90% Morocco, 21.40% Australia, 12.70%	China, 3.00% Morocco, 3.00% Australia, 3.00%	2.02	-	0.00%	3.00%	Cambodia, 74.90% Myanmar, 24.60% Lao PDR, 0.20%
720839	Flat-rolled products of iron or non-alloy steel, of a width of >= 600 mm, in coils, simply ...	451.04	Asia n.e.s., 44.90% Japan, 32.30% Turkey, 7.10%	Asia n.e.s., 15.50% Japan, 15.50% Turkey, 15.50%	0.06	-	0.00%	16.00%	Cambodia, 54.80% Myanmar, 35.50% Korea, 11.30%
890520	Floating or submersible drilling or production platforms	386.11	Italy, 100.00%	Italy, 3.00%	500.82	-	0.00%	3.00%	Singapore, 100.00%
120510	Low erucic acid rape or colza seeds "yielding a fixed oil which has an erucic acid content ...	366.59	China, 24.80% UAE, 12.60% USA, 5.20%	-	-	-	-	3.00%	-
854140	Photosensitive semiconductor devices, incl. photovoltaic cells whether or not assembled in ...	355.91	China, 95.60% Malaysia, 1.40% Korea, 0.80%	China, 0.00% Malaysia, 0.00% Korea, 3.00%	1,354.06	4.80	0.35%	3.00%	USA, 35.90% Viet nam, 17.00% India, 9.80%
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	342.04	Switzerland, 19.00% Germany, 16.90% Italy, 11.90%	Switzerland, 14.30% Germany, 14.30% Italy, 14.30%	351.30	0.09	0.03%	14.00%	Viet Nam, 19.90% Myanmar, 19.20% Cambodia, 12.50%
870321	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	312.52	Japan, 49.40% Indonesia, 22.30% Thailand, 21.90%	Japan, 52.50% Indonesia, 52.50% Thailand, 52.50%	233.35	0.05	0.02%	53.00%	Germany, 44.50% Italy, 16.00% France, 9.30%
390110	Polyethylene with a specific gravity of < 0,94, in primary forms	310.23	Saudi Arabia, 44.60% Qatar, 22.40% USA, 10.10%	Saudi Arabia, 11.00% Qatar, 11.00% USA, 11.00%	1,018.66	0.15	0.02%	11.00%	China, 51.90% Viet Nam, 10.90% Indonesia, 9.30%

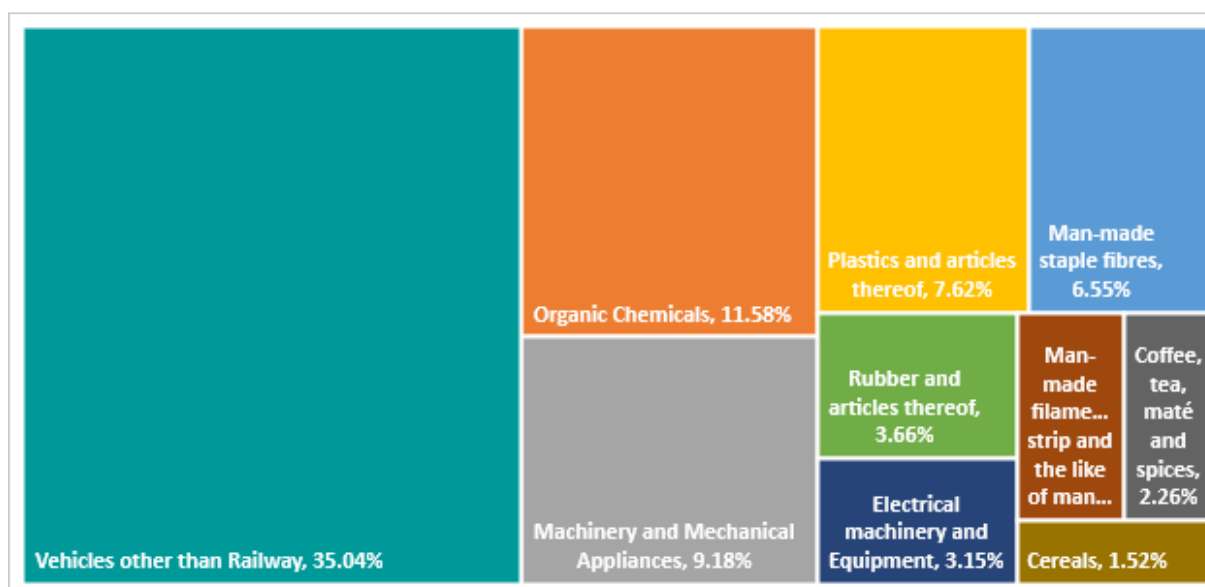
All values in US\$, Millions

Product Code	Product Label	Pakistan			Thailand				
		Pakistan Imports from the World in 2019	Top 3 Import Sourcing Markets, Share in Pakistan's Imports (%)	Average Tariff Applied by Pakistan on these countries (%)	Thailand's Exports to the World in 2019	Thailand's Exports to Pakistan in 2019	Pakistan's Share in Thailand's Exports 2019 (%)	Tariff Applied by Pakistan on Thailand (%)	Top 3 Export Destinations, Share in Thailand's Exports (%)
290243	P-Xylene	300.75	Kuwait, 36.90% Saudi Arabia, 32.00% India, 26.70%	Kuwait, 3.00% Saudi Arabia, 3.00% India, 3.00%	654.30	-	0.00%	3.00%	China, 87.20% Indonesia, 12.80%
550410	Staple fibres of viscose rayon, not carded, combed or otherwise processed for spinning	293.77	China, 42.10% Indonesia, 30.50% Thailand, 13.60%	China, 3.00% Indonesia, 3.00% Thailand, 3.00%	173.67	36.56	21.05%	3.00%	Turkey, 30.10% Pakistan, 21.10% USA, 10.50%
271119	Gaseous hydrocarbons, liquefied, n.e.s. (excluding natural gas, propane, butane, ethylene, ...)	288.56	Iran, 65.20% Oman, 26.60% Iraq, 5.50%	Iran, 2.10% Oman, 3.00% Iraq, 3.00%	148.35	-	0.00%	3.00%	Cambodia, 41.80% Viet Nam, 31.20% Myanmar, 14.60%
280920	Phosphoric acid; polyphosphoric acids, whether or not chemically defined	286.73	Morocco, 97.60% China, 1.60% Korea, 0.40%	Morocco, 3.00% China, 0.00% Korea, 3.00%	0.65	0.00	0.16%	3.00%	Cambodia, 28.20% Myanmar, 26.70% Malaysia, 18.80%

Source: ITC, Trade Map

5.3.8 Composition of Pakistan's Imports from Thailand (2019)

FIGURE 5-10 Composition of Pakistan's Imports from Thailand, 2019



Source: ITC, Trade Map

Chapter 6

Pakistan – Thailand Potential Trade

6.1 Indicative Trade Potential

Indicative trade potential is an economic measure that allows us to examine the growth scope in a specific product's trade. It is calculated using the formula given below:

$$\begin{aligned} & \text{Country 'i's Potential Goods for Export to country j} \\ & = \text{Minimum (Country 'i' exports of 'X' to the world, country 'j' imports of 'X' from the world)} \\ & - \text{Country 'i' exports of 'X' to country 'j'} \end{aligned}$$

Indicative trade potential is a helpful method to anticipate the scope of bilateral trade. It analyzes those items with a well-established production capacity in the supplying market and robust demand in the importing country. However, it also has some limitations. This method does not take into account the items whose demand could emerge in the importing country. Moreover, it does not give the estimated cost of the diversification of the products in trade.

6.1.1 Pakistan's High Potential Exports to Thailand at HS-06 Level

A comparison is made to analyze Pakistan's actual exports to Australia and the potential to export to Australia for the top 25 items at the HS-06 level. The following table will help us determine the number of additional products in the top 25 exports that Thailand can import from Pakistan instead of demanding from the world.

Table 6-1 Pakistan's High Potential Exports to Thailand at HS-06 Level, 2019

All values in US\$, Millions

Product code	Product label	Pakistan's exports to Thailand 2019	Thailand's imports from world 2019	Pakistan's exports to world 2019	Indicative Trade Potential 2019	Equivalent Ad Valorem Tariff Applied by Thailand on					
						Pakistan	India	China	Japan	Australia	New Zealand
TOTAL	All products	255.37	240,139.20	23,818.82	23,563.45						
901890	Instruments and appliances used in medical, surgical or veterinary sciences, n.e.s.	2.67	248.45	405.51	245.78	0%	0%	0%	0%	0%	0%
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	1.00	105.85	314.81	104.85	30%	12%	0%	0%	0%	0%
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, put up in measured doses	0.16	1,332.76	82.41	82.25	8%	5%	0%	0%	0%	0%
390761	Poly"ethylene terephthalate", in primary forms, having a viscosity number of >= 78 ml/g	-	77.02	217.75	77.02	-	-	-	-	-	-
300439	Medicaments containing hormones or steroids used as hormones but not antibiotics,	-	90.77	77.01	77.01	10%	6%	0%	0%	0%	0%
110100	Wheat or meslin flour	-	75.18	122.97	75.18	5%	5%	5%	0%	0%	0%
252329	Portland cement	-	72.80	174.10	72.80	10%	6%	10%	0%	0%	0%

All values in US\$, Millions

Product code	Product label	Pakistan's exports to Thailand 2019	Thailand's imports from world 2019	Pakistan's exports to world 2019	Indicative Trade Potential 2019	Equivalent Ad Valorem Tariff Applied by Thailand on					
						Pakistan	India	China	Japan	Australia	New Zealand
640399	Footwear with outer soles of rubber, plastics or composition leather, with uppers of leather	-	69.14	87.77	69.14	30%	12%	20%	5%	0%	0%
030617	Frozen shrimps and prawns, even smoked, whether in shell or not, incl. shrimps and prawns in shell, cooked by steaming or by boiling in water	7.56	89.59	72.78	65.22	20%	5%	0%	0%	0%	0%
940490	Articles of bedding and similar furnishing, fitted with springs or stuffed	0.00	58.09	85.47	58.08	20%	0%	0%	0%	0%	0%
610990	T-shirts, singlets and other vests of textile materials, knitted or crocheted (excluding cotton)	0.11	57.99	172.72	57.88	30%	12%	0%	0%	0%	0%
841199	Parts of gas turbines, n.e.s.	-	396.18	56.86	56.86	0%	0%	0%	0%	0%	0%
630790	Made-up articles of textile materials, incl. dress patterns, n.e.s.	0.01	84.98	47.78	47.76	10%	10%	0%	0%	0%	0%
620342	Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton	0.03	47.72	400.50	47.69	30%	12%	0%	0%	0%	0%
080521	Fresh or dried mandarins incl. tangerines and satsumas (excl. clementines)	-	58.57	47.52	47.52	-	-	-	-	-	-
890190	Vessels for the transport of goods and vessels for the transport of both persons and goods	-	265.90	45.41	45.41	6%	0%	0%	0%	0%	0%
252620	Natural steatite and talc, crushed or powdered	1.77	45.75	55.67	43.99	0%	0%	0%	0%	0%	0%
611020	Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted	0.14	37.85	71.30	37.72	30%	12%	0%	0%	0%	0%
100199	Wheat and meslin (excluding seed for sowing, and durum wheat)	-	767.87	37.64	37.64	0%	0%	0%	0%	0%	0%
070310	Fresh or chilled onions and shallots	-	37.61	67.48	37.61	101%	101%	71%	79%	0%	101%
620462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton	-	36.79	98.55	36.79	30%	12%	0%	0%	0%	0%
520812	Plain woven fabrics of cotton, containing >= 85% cotton by weight and weighing > 100 g/ m ² , unbleached	-	36.64	238.16	36.64	5%	0%	0%	0%	0%	0%
151620	Vegetable fats and oils and their fractions, partly or wholly hydrogenated,	-	63.39	35.61	35.61	27%	0%	0%	0%	0%	0%
170490	Sugar confectionery not containing cocoa, incl. white chocolate	-	102.45	35.14	35.14	30%	0%	0%	0%	0%	0%
880390	Parts of aircraft and spacecraft, n.e.s.	1.89	36.10	42.13	34.21	0%	0%	0%	0%	0%	0%

Source: ITC, Trade Map

Key Findings:

- Pakistan has the potential to export 2,790 products to Thailand. The total trade potential within these 2,790 products exported by Pakistan to Thailand with available data is \$4.70 billion.
- The total trade potential within the top 100 high potential products exported by Pakistan to Thailand at the HS-06-digit level is \$2.90 billion.
- The total trade potential within the top 25 high potential products exported by Pakistan to Thailand at the HS-06-digit level is \$1.57 billion.
- In 2019, Pakistan's actual exports of the top 100 high potential items to Thailand amounted to a mere \$49.46 million. However, Pakistan's total real exports of these same 100 items to the world amounted to \$9.06 billion in the same year.
- Twenty-six of the top 100 high potential export items are covered under the textile sector (potential of \$7.33 billion). This shows the amount of untapped potential that Pakistan has in the textile sector. A free trade agreement, if well-negotiated, can significantly enhance exports of these high potential textile items.
- 809 out of 2,790 potential items belong to the textile category.
- '*Instruments and appliances used in medical, surgical or veterinary sciences, n.e.s.*' (HS-901890) is among those commodities currently exported in low quantities to Thailand but holds a huge potential, a value that could exceed \$200.00 million. The U.S. is the top source for Thailand for the said product. The U.S. is also ranked 1st in world exports capturing 24.4 percent of the world market share. Pakistan enjoys concession on this product; however, the commodities are limited due to barriers such as 'Intravenous administration sets' applied by Thailand on Pakistan.
- A brief analysis shows that Thailand's tariff levied on the potential exports from Pakistan ranges from 0 percent (HS-901890) to as high as 101 percent (HS-070310).
- '*Polyethylene terephthalate, in primary forms, having a viscosity number of ≥ 78 ml/g*' (HS-390761) and '*Medicaments containing hormones or steroids used as hormones but not antibiotics,*' (HS-300439) are currently not exported but hold a high potential for exports.
- '*Frozen shrimps and prawns, even smoked, whether in shell or not, incl. shrimps and prawns in shell, cooked by steaming or by boiling in water*' (HS-030617), is exported in low quantities but has significant potential. Argentina is the largest supplier despite its higher unit price. Pakistan is the 3rd largest import sourcing market for Thailand, offering a unit price of 6,317 US\$/unit against the world's average unit price of \$8,006 US\$/unit.
- For '*T-shirts, singlets and other vests of cotton, knitted or crocheted*' (HS-610910), Pakistan has a potential of \$104.85 million. China is the largest import sourcing market for Thailand with 39.1 percent in Thailand's imports. Pakistan faces the highest tariff rate of 30 percent among its competitors for this product.

6.1.2 Thailand's High Potential Exports to Pakistan at HS-06 Level

A comparison is made to analyze Thailand's actual exports to Pakistan and Thailand's potential to exports to Pakistan for the top 25 items at the HS-06 level. The following table will help us determine the products that the Thai negotiators would be pushing for inclusion.

Table 6-2 Thailand's High Potential Exports to Pakistan at HS-06 Level, 2019

All values in US\$, Millions

Product code	Product label	Thailand's exports to Pakistan 2019	Pakistan's imports from world 2019	Thailand's exports to world 2019	Indicative Trade Potential 2019	Equivalent Ad Valorem Tariff Applied by Pakistan on				
						Thailand	China	Malaysia	Sri Lanka	ASEAN
TOTAL	All products	1,175.69	50,134.81	245,380.47	48,959.13					
851712	Telephones for cellular networks "mobile telephones" or for other wireless networks	-	1,019.64	1,254.66	1,019.64	10%	7%	9%	0%	9.4%-9.8%
711291	Waste and scrap of gold, incl. metal clad with gold, and other waste and scrap containing gold or gold compounds, of a kind used principally for the recovery of precious metal	-	-	686.21	686.21	-	-	-	-	-
390210	Polypropylene, in primary forms	18.44	479.82	767.63	461.38	11%	11%	5%	0%	11%
890520	Floating or submersible drilling or production platforms	-	386.11	500.82	386.11	3%	0%	3%	0%	-
854140	Photosensitive semiconductor devices,	4.80	355.91	1,354.06	351.10	3%	0%	0%	0%	0%-3%
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, put up in measured doses	0.09	342.04	351.30	341.95	14%	9%	12%	0%	11.8%-14.3%
390110	Polyethylene with a specific gravity of < 0,94, in primary forms	0.15	310.23	1,018.66	310.08	11%	11%	5%	5%	5%-11%
290243	P-Xylene	-	300.75	654.30	300.75	3%	0%	0%	0%	-
851762	Machines for the reception, conversion and transmission or regeneration of voice, images or other data, incl. switching and routing apparatus	-	263.73	1,359.17	263.73	11%	7%	6%	4%	6.4%-10.6%
390120	Polyethylene with a specific gravity of >= 0,94, in primary forms	6.89	243.85	1,248.92	236.97	11%	11%	5%	5%	5%-11%
870321	Motor cars and other motor vehicles principally designed for the transport of persons, incl. station wagons and racing cars, with spark-ignition internal combustion reciprocating piston engine of a cylinder capacity <= 1.000 cm ³	0.05	312.52	233.35	233.30	53%	53%	53%	53%	52.5%
430211	Tanned or dressed furskins of mink, whole, with or without heads, tails or paws, not assembled	-	-	221.55	221.55	-	-	-	-	-

All values in US\$, Millions

Product code	Product label	Thailand's exports to Pakistan 2019	Pakistan's imports from world 2019	Thailand's exports to world 2019	Indicative Trade Potential 2019	Equivalent Ad Valorem Tariff Applied by Pakistan on				
						Thailand	China	Malaysia	Sri Lanka	ASEAN
870322	Motor cars and other motor vehicles principally designed for the transport of persons, incl. station wagons and racing cars, with spark-ignition internal combustion reciprocating piston engine of a cylinder capacity > 1.000 cm ³ but <= 1.500 cm ³	0.81	220.95	2,377.56	220.15	60%	60%	60%	60%	60%
847130	Data-processing machines, automatic, portable, weighing <= 10 kg, consisting of at least a central processing unit, a keyboard and a display	0.02	186.52	293.70	186.51	3%	0%	0%	0%	0%-3%
870323	Motor cars and other motor vehicles principally designed for the transport of persons, incl. station wagons and racing cars, with spark-ignition internal combustion reciprocating piston engine of a cylinder capacity > 1.500 cm ³ but <= 3.000 cm ³	-	181.62	3,202.47	181.62	92%	92%	92%	92%	91.7%
841430	Compressors for refrigerating equipment	2.87	180.45	826.77	177.58	16%	3%	3%	0%	3.3%-16.3%
853710	Boards, cabinets and similar combinations of apparatus for electric control or the distribution of electricity, for a voltage <= 1.000 V	2.93	148.74	1,731.24	145.81	30%	30%	30%	0%	30%
550410	Staple fibres of viscose rayon, not carded, combed or otherwise processed for spinning	36.56	293.77	173.67	137.10	3%	3%	3%	0%	3%
850440	Static converters	0.11	128.99	1,435.36	128.88	15%	11%	11%	0%	10.5%-14.8%
540233	Textured filament yarn of polyester	22.28	202.22	151.07	128.79	11%	11%	11%	5%	11%
854449	Electric conductors, for a voltage <= 1.000 V, insulated, not fitted with connectors, n.e.s.	0.01	128.74	270.98	128.73	17%	15%	15%	17%	15%-17%
390230	Propylene copolymers, in primary forms	16.62	142.63	562.41	126.01	11%	11%	5%	0%	5%-11%
382499	Chemical products and preparations of the chemical or allied industries,	3.68	124.90	360.41	121.22	-	-	-	-	-
730890	Structures and parts of structures, of iron or steel, n.e.s.	3.67	124.58	316.59	120.91	20%	20%	20%	0%	20%
030695	Shrimps and prawns, whether in shell or not, dried, salted, smoked or in brine	-	-	113.94	113.94	-	-	-	-	-

Source: ITC, Trade Map

Key Findings:

- Thailand has the potential to export 4,021 products to Pakistan. The total trade potential within these 4,021 products exported by Thailand to Pakistan with available data is \$18.86 billion.
- The total trade potential within the top 100 high potential products exported by Thailand to Pakistan at the HS-06-digit level is \$10.95 billion.
- The total trade potential within the top 25 high potential products exported by Thailand to Pakistan at the HS-06-digit level is \$6.73 billion.
- In 2019, Thailand's actual exports of the top 100 high potential items to Pakistan amounted to \$320.55 million. However, Thailand's total real exports of these same 100 items to the world amounted to \$51.41 billion in the same year.
- Twenty-seven of the top 100 high potential export items are covered under the machinery and electrical equipment sector (potential of \$3.62 billion). This shows the amount of untapped potential that Thailand has in the machinery sector. A free trade agreement, if well-negotiated, can significantly enhance Thai exports of these high potential items.
- Thailand's potential exports to Pakistan mainly comprise of intermediate goods and capital goods such as 'Polypropylene, in primary forms' (HS-390210), 'Photosensitive semiconductor devices,' (HS-854140), 'Scrap of Gold' (HS-711291) and 'Compressors for refrigerating equipment' (HS-841430) to name a few.
- Significant potential also lies in consumer goods such as automobiles (HS-870321), (HS-870322) and (HS-870323).
- However, it should be noted that most of the top potential products listed above are intermediate goods and have a derived demand rather than a direct demand. Therefore, Pakistan's import potential depends on the capacity of its value-added/manufacturing sectors that will be able to compete with the sophisticated products manufactured by the Thai industry. Hence, for imports to realize their true potential, the country would need to develop its industrial sector and increase capacity.

6.2 Bilateral Revealed Comparative Advantage

The BRCA is an index that shows whether a country has a revealed comparative advantage in a specific commodity over its partner or not, as indicated by trade flows. It is calculated using the formula given below:

$$BRCA \text{ of country 'i' for exporting X to country 'j'} = \frac{\left(\frac{\text{Country i's export of X to country j}}{\text{Country i's total exports to country j}} \right)}{\left(\frac{\text{Country i's export of X to the world}}{\text{Country i's total exports to the world}} \right)}$$

BRCA compares Pakistan's competitiveness with Thailand's competitiveness, and vice versa, in their exports to the world. It ranges from zero to positive infinity. A country has a comparative advantage over another country if BRCA index's value exceeds 1, meaning that a country can produce that product at a relatively low opportunity cost or an autarky price.⁴⁷ The motivation to calculate this index is to determine the products where Pakistan has a comparative advantage over Thailand and vice versa. These findings will then enable us to determine the products where our local industries have the upper hand and where they lack. Thus, identifying the winners and losers once the FTA comes into effect.

6.2.1 Pakistan's BRCA over Thailand at HS-06 Level – 2019

The following is a list of the top 25 commodities at the HS-06 Level exported by Pakistan to Thailand, along with each product's revealed comparative advantage.

Table 6-3 Pakistan's Bilateral Revealed Comparative Advantage over Thailand for Top 25 Items at HS-06, 2019

Product code	Product label	BRCA Range (0 - + ∞)
030339	Frozen flat fish "Pleuronectidae, Bothidae, Cynoglossidae, Soleidae, Scophthalmidae and Citharidae" (excluding halibut, plaice, sole and turbot)	30.17
030319	Frozen salmonidae (excluding trout and Pacific, Atlantic and Danube salmon)	35.01
270900	Petroleum oils and oils obtained from bituminous minerals, crude	13.30
030329	Frozen, Nile perch (<i>Lates niloticus</i>) and snakeheads (<i>Channa</i> spp.)	59.05
030354	Frozen mackerel " <i>Scomber scombrus</i> , <i>Scomber australasicus</i> , <i>Scomber japonicus</i> "	92.74
030499	Frozen fish meat n.e.s. (excluding fillets)	42.65
030614	Frozen crabs, even smoked, whether in shell or not, incl. crabs in shell, cooked by steaming or by boiling in water	34.70
030617	Frozen shrimps and prawns, even smoked, whether in shell or not, incl. shrimps and prawns in shell, cooked by steaming or by boiling in water (excluding cold-water shrimps and prawns)	9.69
220720	Denatured ethyl alcohol and other spirits of any strength	24.42
630900	Worn clothing and clothing accessories, blankets and travelling rugs, household linen and articles for interior furnishing, of all types of textile materials, incl. all types of footwear and headgear, showing signs of appreciable wear and presented in bulk or in bales, sacks or similar packings (excluding carpets, other floor coverings and tapestries)	10.88
730890	Structures and parts of structures, of iron or steel, n.e.s. (excluding bridges and bridge-sections, towers and lattice masts, doors and windows and their frames, thresholds for doors, props and similar equipment for scaffolding, shuttering, propping or pit-propping)	22.97
901890	Instruments and appliances used in medical, surgical or veterinary sciences, n.e.s.	0.61
030779	Smoked, frozen, dried, salted or in brine, even in shell, clams, cockles and ark shells "families ..	77.59

47 Lower relative marginal cost prior to the trade.

Product code	Product label	BRCA Range (0 - + ∞)
731029	Tanks, casks, drums, cans, boxes and similar containers, of iron or steel, for any material, of a capacity of < 50 l, n.e.s. (excluding containers for compressed or liquefied gas, or containers fitted with mechanical or thermal equipment, and cans which are to be closed by soldering or crimping)	26.75
880390	Parts of aircraft and spacecraft, n.e.s.	4.18
252620	Natural steatite and talc, crushed or powdered	2.96
030349	Frozen tunas of the genus "Thunnus" (excluding Thunnus alalunga, Thunnus albacares, Thunnus obesus, Thunnus thynnus, Thunnus orientalis and Thunnus maccoyii)	20.04
320415	Synthetic organic vat dyes, incl. those usable in that state as pigments; preparations based on synthetic organic vat dyes of a kind used to dye fabrics or produce colorant preparations (excluding preparations of heading 3207, 3208, 3209, 3210, 3213 and 3215)	7.23
030389	Frozen fish, n.e.s.	63.40
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, n.e.s.	1.12
050690	Bones and horn-cores and their powder and waste, unworked, defatted, degelatinised or simply prepared (excluding ossein and bones treated with acid and cut to shape)	11.53
410712	Grain splits leather "incl. parchment-dressed leather", of the whole hides and skins of bovine "incl. buffalo" or equine animals, further prepared after tanning or crusting, without hair on (excluding chamois leather, patent leather and patent laminated leather, and metallised leather)	1.76
840710	Spark-ignition reciprocating or rotary internal combustion piston engine, for aircraft	3.85
080410	Fresh or dried dates	1.58
520912	Woven fabrics of cotton, containing >= 85% cotton by weight and weighing > 200 g/m ² , in three-thread or four-thread twill, incl. cross twill, unbleached	1.05

Source: ITC, Trade Map

Key Findings:

- The table shows that Pakistan enjoys a comparative advantage in 24 out of the 25 leading exports to Thailand at the HS-06 level.
- 10 out of the 25 items listed above belong to the fisheries sector.
- The highest comparative advantage is in 'Frozen mackerel *Scomber scombrus*, *Scomber australasicus*, *Scomber japonicus*' (HS-030354), *Smoked, frozen, dried, salted or in brine, even in shell, clams, cockles and ark shells families* (HS-030779) and 'Frozen fish, n.e.s.' (HS-030389) with a BRCA of 92.74, 77.59, and 63.40, respectively.

6.2.2 Thailand's BRCA over Pakistan at HS-06 Level – 2019

The following is a list of the top 25 commodities at the HS-06 Level exported by Thailand to Pakistan, along with each product's revealed comparative advantage.

Table 6-4 Thailand's Bilateral Revealed Comparative Advantage over Pakistan for Top 25 Items at HS-06, 2019

Product code	Product label	BRCA Range (0 - + ∞)
291736	Terephthalic acid and its salts	35.25
870899	Parts and accessories, for tractors, motor vehicles for the transport of ten or more persons, motor cars and other motor vehicles principally designed for the transport of persons, motor vehicles for the transport of goods and special purpose motor vehicles, n.e.s.	7.52
870829	Parts and accessories of bodies for tractors, motor vehicles for the transport of ten or more persons, motor cars and other motor vehicles principally designed for the transport of persons, motor vehicles for the transport of goods and special purpose motor vehicles (excluding bumpers and parts thereof and safety seat belts)	6.74
870894	Steering wheels, steering columns and steering boxes, and parts thereof, for tractors, motor vehicles for the transport of ten or more persons, motor cars and other motor vehicles principally designed for the transport of persons, motor vehicles for the transport of goods and special purpose motor vehicles, n.e.s.	14.85
550410	Staple fibres of viscose rayon, not carded, combed or otherwise processed for spinning	43.94
840991	Parts suitable for use solely or principally with spark-ignition internal combustion piston engine, n.e.s.	8.38
910212	Wrist-watches, whether or not incorporating a stop-watch facility, electrically operated, with opto-electronic display only (excluding of precious metal or of metal clad with precious metal)	69.84
540233	Textured filament yarn of polyester (excluding that put up for retail sale)	30.78
091011	Ginger, neither crushed nor ground	76.16
390210	Polypropylene, in primary forms	5.01
851290	Parts of electrical lighting or signalling equipment, windscreen wipers, defrosters and demisters of a kind used for cycles and motor vehicles, n.e.s.	26.03
840820	Compression-ignition internal combustion piston engine "diesel or semi-diesel engine", for the propulsion of vehicles of chapter 87	2.81
210690	Food preparations, n.e.s.	2.46
390230	Propylene copolymers, in primary forms	6.17
550320	Staple fibres of polyesters, not carded, combed or otherwise processed for spinning	9.12
400110	Natural rubber latex, whether or not prevulcanised	2.92
100510	Maize seed for sowing	48.95
330499	Beauty or make-up preparations and preparations for the care of the skin (other than medicaments), incl. sunscreen or suntan preparations (excluding medicaments, lip and eye make-up preparations, manicure or pedicure preparations and make-up or skin care powders, incl. baby powders)	3.82
870870	Road wheels and parts and accessories thereof, for tractors, motor vehicles for the transport of ten or more persons, motor cars and other motor vehicles principally designed for the transport of persons, motor vehicles for the transport of goods and special purpose motor vehicles, n.e.s.	7.77
401120	New pneumatic tyres, of rubber, of a kind used for buses and lorries (excluding tyres with lug, corner or similar treads)	1.31
870880	Suspension systems and parts thereof, incl. shock-absorbers, for tractors, motor vehicles for the transport of ten or more persons, motor cars and other motor vehicles principally designed for the transport of persons, motor vehicles for the transport of goods and special purpose motor vehicles, n.e.s.	10.87
830230	Base metal mountings, fittings and similar articles suitable for motor vehicles (excluding hinges and castors)	7.98

Product code	Product label	BRCA Range (0 - + ∞)
290121	Ethylene	18.94
903289	Regulating or controlling instruments and apparatus (excluding hydraulic or pneumatic, manostats, thermostats, and taps, cocks and valves of heading 8481)	4.46
870830	Brakes and servo-brakes and their parts, for tractors, motor vehicles for the transport of ten or more persons, motor cars and other motor vehicles principally designed for the transport of persons, motor vehicles for the transport of goods and special purpose motor vehicles, n.e.s.	4.40

Source: ITC, Trade Map

Key Findings:

- The table shows that Thailand enjoys a comparative advantage in all of the top 25 products listed above.
- Six of the top 25 products mentioned above belong to the automobiles sector.
- It has been reported that Thailand is ambitious to penetrate the automobile and auto parts sector and has demanded access for the said lines in the latest concession list shared by Thai officials.⁴⁸ Since the automobile industry in Pakistan is relatively nascent and needs time to build scale to compete with established countries like Thailand,⁴⁹
- Thailand has an advantage over Pakistan in '*Terephthalic acid and its salts*' (HS-291736) with a BRCA of 35.25. Thailand is the top import sourcing market for Pakistan for imports of raw materials generated from organic chemicals. The tariff rate applied by Pakistan on Thailand is 10 percent, and the number of non-tariff barriers faced by Thailand on exports of (HS-291736) to Pakistan is 10. If an FTA is signed between the two countries, Pakistan's polymer sector could be among those industries to benefit from the decreased costs, thus enhancing competitiveness.

48 Khan, M. Z. (2017, March 10). Thailand demands access to the auto sector under FTA. DAWN.COM. Retrieved from: <https://www.dawn.com/news/1319445/thailand-demands-access-to-auto-sector-under-fta>

49 Pakistan's export potential too low to sign an FTA with Thailand. (2018, October 30). The Express Tribune. Retrieved from: <https://tribune.com.pk/story/1837515/pakistans-export-potential-low-sign-fta-thailand>

Chapter 7

Industry Analysis

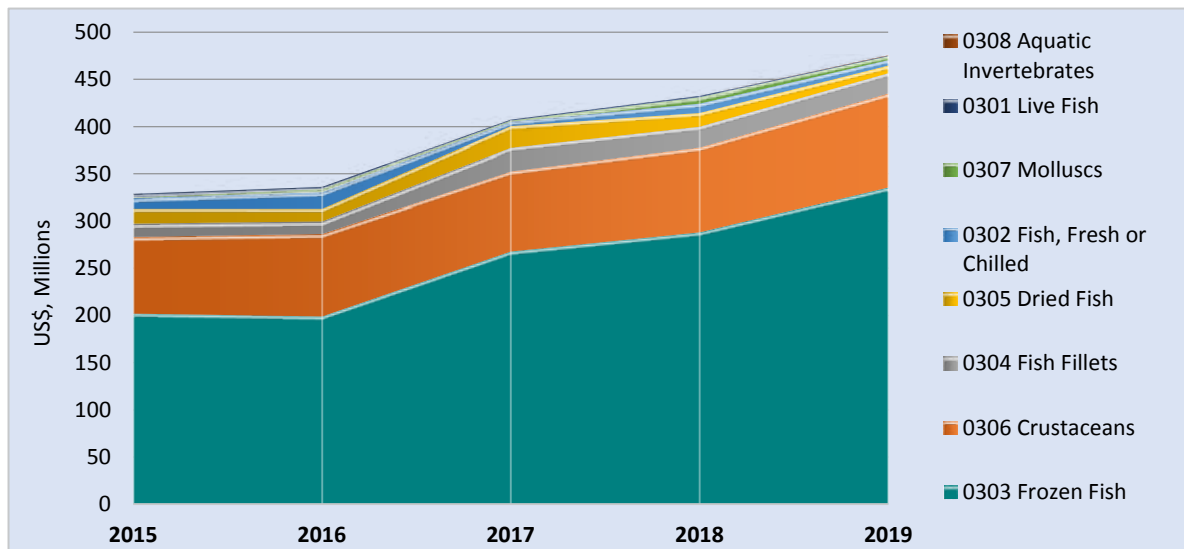
7.1 Pakistan's Seafood and Fisheries' Sector

Fisheries is a sub-sector of agriculture having a share of 2.1 percent in agriculture value-addition and accounts for less than one percent of the GDP (0.4 percent in GDP). The fisheries sector contributes a minimal amount, but it significantly contributes to the GDP through export earnings.

The fisheries sector employs more than one percent of the labor force. It is considered the main source of livelihood and earnings, especially for people living along Sindh and Baluchistan's coastal belts.

Between 2015 and 2019, Pakistan's total seafood exports increased by 44.6 percent. Frozen Fish HS-0303 accounted for the highest share of 70.6 percent in total exports. Crustaceans HS-0306 contributed 20.9 percent to the total fisheries exports in 2019.

FIGURE 7-1 Pakistan's Exports of Fishery Products (2015-19)



Source: ITC, Trade Map

Pakistan exports large quantities of fish and fish products to Thailand, China, Malaysia, the Middle East, Sri Lanka, Japan, etc. Pakistan's seafood exports increased from 128,081 tons in 2015 to 205,752 tons in 2019. Frozen Fish accounted for 76.6 percent or 157,508 tons of the total seafood exported. .

Table 7-1 Quantities of Seafood Products Exported (2015-19)

All values in Tons

Product	2015	2016	2017	2018	2019
0303 Frozen Fish	88,665	86,715	120,382	133,377	157,508
0306 Crustaceans	15,549	18,626	18,374	18,013	20,532
0304 Fish Fillets	6,217	5,199	11,344	10,880	10,337
0302 Fish, Fresh or Chilled	3,779	7,333	1,567	11,945	7,535
0305 Dried Fish	12,405	10,143	18,632	15,221	7,230
0307 Molluscs	355	1,384	554	2,836	2,142
0308 Aquatic Invertebrates	13	-	-	29	297
0301 Live Fish	1,098	849	427	358	171

Source: ITC, Trade Map

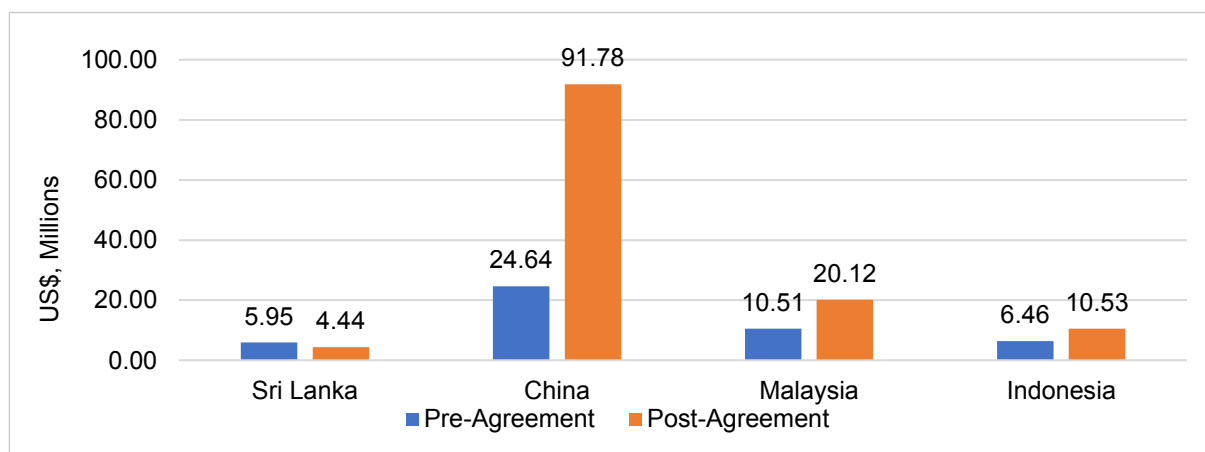
China’s imports of seafood from Pakistan increased after the signing of China – Pakistan Free Trade Agreement (CPFTA), from \$24.64 million in 2006 to \$91.78 million in 2019. This is partly due to Chinese companies working in Pakistan. Thai companies can also look for joint ventures in the fishery sector with special reference to the Halal Food sector.⁵⁰

Box A: Yu-Fei Marine Technology

Since 2017, China’s largest fish exporting company in Gwadar Port has exported over 1,000 tons of seafood to mainland China with an impressive shipping time of only 34 hours from port to Xinjiang. It took an initial investment of \$73 million but appears to be worth it given China’s rising demand for fresh fish.

Source: Fisheries Industry and Trade with China under CPFTA Phase 2. (2019). The Employers’ Federation of Pakistan

FIGURE 7-2 Pakistan’s Exports of Fishery Products Pre- and Post- Trade Agreements



Source: ITC, Trade Map

50 “Irfan Iqbal Sheikh said that Thailand had made substantial progress in Halal Food Exports in the last few years. “The LCCI has also identified the Halal Food as one of our priorities sectors where we can enhance our exports. We would certainly like to learn from your experience and also enter into Joint Ventures with your private sector companies in Halal Food sector”, he added.” Reporter, O. S. (2020, March 8). Thailand, Pakistan has the potential to make more trade, says Thai CG. The Nation. <https://nation.com.pk/08-Mar-2020/thailand-pakistan-have-potential-to-do-more-trade-says-thai-cg>

7.1.1 Trade Potential for Pakistan to Export Seafood to Thailand (2019)

The table below lists the top 25 commodities from the seafood sector in which Pakistan has a high trade potential to export to Thailand.

Table 7-2 Pakistan's Trade Potential to Export Seafood to Thailand (2019)

All values in US\$, Millions

Product code	Product label	Pakistan's exports to Thailand 2019	Thailand's imports from world 2019	Pakistan's exports to world 2019	Indicative Trade Potential 2019	Tariff Applied by Thailand on Pakistan
030617	Frozen shrimps and prawns, even smoked, whether in shell or not, incl. shrimps and prawns in ...	7.56	89.59	72.78	65.22	20.00%
030319	Frozen salmonidae (excluding trout and Pacific, Atlantic and Danube salmon)	37.72	-	100.50	62.77	0.00%
030614	Frozen crabs, even smoked, whether in shell or not, incl. crabs in shell, cooked by steaming ...	8.69	61.66	23.36	14.67	20.00%
030499	Frozen fish meat n.e.s. (excluding fillets)	9.33	119.37	20.42	11.08	5.00%
030349	Frozen tunas of the genus "Thunnus" (excluding Thunnus alalunga, Thunnus albacares, Thunnus ...)	1.72	9.76	7.99	6.28	0.00%
030243	Fresh or chilled sardines "Sardina pilchardus, Sardinops spp.", sardinella "Sardinella spp.", ...	0.10	4.39	3.07	2.97	0.00%
030353	Frozen sardines "Sardina pilchardus, Sardinops spp.", sardinella "Sardinella spp.", brisling ...	0.16	84.60	2.86	2.70	0.00%
030612	Frozen lobsters "Homarus spp.", even smoked, whether in shell or not, incl. lobsters in shell, ...	0.07	2.20	1.54	1.47	20.00%
030743	Cuttle fish and squid, frozen, with or without shell	0.07	391.19	1.17	1.10	-
030239	Fresh or chilled tunas of the genus "Thunnus" (excluding Thunnus alalunga, Thunnus albacares, ...)	-	18.38	0.79	0.79	0.00%
030389	Frozen fish, n.e.s.	1.49	53.14	2.20	0.70	1.00%
030633	Crabs, whether in shell or not, live, fresh or chilled	-	25.96	0.57	0.57	-
030199	Live fish (excluding ornamental fish, trout [Salmo trutta, Oncorhynchus mykiss, Oncorhynchus ...)	-	4.88	0.52	0.52	30.00%
030559	Dried fish, even salted but not smoked (excluding fillets, offal and cod)	-	2.53	0.52	0.52	5.00%
030636	Shrimps and prawns, whether in shell or not, live, fresh or chilled (excl. cold-water shrimps ...)	0.01	12.14	0.47	0.47	-
030232	Fresh or chilled yellowfin tunas "Thunnus albacares"	0.06	0.59	0.51	0.44	0.00%
030830	Live, fresh, chilled, frozen, dried, salted or in brine, even smoked, jellyfish "Rhopilema ..."	-	1.07	0.32	0.32	8.00%
030359	Frozen anchovies "Engraulis spp.", Indian mackerels "Rastrelliger spp.", seerfishes "Scomberomorus ..."	-	260.31	0.27	0.27	-

All values in US\$, Millions

Product code	Product label	Pakistan's exports to Thailand 2019	Thailand's imports from world 2019	Pakistan's exports to world 2019	Indicative Trade Potential 2019	Tariff Applied by Thailand on Pakistan
030539	Fish fillets, dried, salted or in brine, but not smoked (excluding tilapia, catfish, carp, ...	-	0.16	5.01	0.16	5.00%
030343	Frozen skipjack or stripe-bellied bonito "Euthynnus -Katsuwonus- pelamis"	-	676.09	0.14	0.14	0.00%
030520	Fish livers and roes, dried, smoked, salted or in brine	-	1.62	0.14	0.14	5.00%
030632	Lobsters "Homarus spp.", whether in shell or not, live, fresh or chilled	0.00	8.17	0.14	0.14	-
030342	Frozen yellowfin tunas "Thunnus albacares"	-	162.16	0.13	0.13	0.00%
030289	Fresh or chilled fish, n.e.s.	-	83.78	0.13	0.13	1.00%
030510	Flours, meals and pellets of fish, fit for human consumption	-	0.12	2.30	0.12	5.00%

Source: ITC, Trade Map

Key Findings:

- The total trade potential within the top 25 high potential products exported by Pakistan to Thailand at the HS-06-digit level is \$ 173.83 million. However, Pakistan exported \$66.98 million of those commodities to Thailand in 2019.
- Trade in only 13 out of the top 25 potential products, took place in 2019. Out of these, 'Frozen salmonidae (excluding trout and Pacific, Atlantic and Danube salmon)' (HS-030319) had the highest export value worth \$37.72 million. This commodity had the second-highest export potential for Pakistan.
- Seven out of the top 25 products fall under 'Frozen fish' (HS-0303). Pakistan holds the potential to export \$72.99 million of these goods to Thailand.
- Other high potential items include 'Crustaceans' (HS-0306), 'Fish, fresh and chilled' (HS-0302), 'Fish fillets and other fish meat,' (HS-0304), 'Live fish' (HS-0301), 'Fish, fit for human consumption,' (HS-0305), 'Molluscs, fit for human consumption,' (HS-0307) and 'Aquatic invertebrates other than crustaceans and molluscs' (HS-08).

Why Seafood Sector?

- “There is a huge potential for export of fish and other seafood products from Pakistan.” – *Thai Businessmen Enthusiastic About Importing Fish From...* (2017, September 19). <https://propakistani.pk/2017/09/19/thai-businessmen-enthusiastic-importing-fish-pakistan/>
- “During eight months of 2017-18, a total of 108,262 metric tonnes of fish and fishery products were exported. Pakistan’s major buyers are China, Thailand, Malaysia, Middle East, Sri Lanka and Japan.” – Ahmed, A. (2018b, July 2). *‘Blue Revolution’ to enhance fisheries production*. <https://www.dawn.com/news/1417342>
- “91.9 million tons of fish and allied products were exported to China, Thailand, Malaysia, Middle East, Sri Lanka, and Japan during 2015-16 generating a US \$ 240.108 million for this sector.” – Sohaib, M., & Jamil, F. (2017). *An Insight of Meat Industry in Pakistan with Special Reference to Halal Meat: A Comprehensive Review*. https://www.researchgate.net/publication/318727850_An_Insight_of_Meat_Industry_in_Pakistan_with_Special_Reference_to_Halal_Meat_A_Comprehensive_Review
- “In FY19, Thailand, China and Afghanistan were the largest export destinations for HS302 taking up 25.8, 18.2 and 16.2 percent of the total export worth US\$1.98m. However, in comparison to FY18, the share of China in FY19 fell considerably by over 23.6 percent as data reveals but it since export to Thailand in contrast increased sharply it could be the case that the HS302 actually got diverted toward Thailand.” *Fisheries Industry and Trade with China under CPFTA Phase 2*. Retrieved from: <https://efp.org.pk/wp-content/uploads/2020/01/Fisheries-Industry-and-Trade-with-China-under-CPFTA-Phase-2.pdf>
- “The LCCI has also identified Halal Food as one of our priorities sectors where we can enhance our exports. <https://nation.com.pk/08-Mar-2020/thailand-pakistan-have-potential-to-do-more-trade-says-thai-cg>
- “Thailand is also developing a robust halal regulatory system with state-of-the-art Halal Research Centre.” <https://tribune.com.pk/story/1988764/2-immense-opportunities-global-halal-marketplace>

7.1.2 Competitor Analysis

Table 7-3 Thailand's Top Import Sourcing Markets for Pakistan's Potential Exports

Rank	Top Suppliers	Imported Value in 2019 (US\$, Mn)	Share in Thailand's Imports	Tariff applied by Thailand	Ranking in world exports
030617 Frozen shrimps and prawns, even smoked, whether in shell or not, incl. shrimps and prawns					
1	Argentina	51.96	58.00%	20.00%	5
2	India	9.01	10.10%	5.00%	1
3	Pakistan	7.80	8.70%	20.00%	23
4	Ecuador	3.74	4.20%	20.00%	2
5	Australia	2.71	3.00%	0.00%	25
030614 Frozen crabs, even smoked, whether in shell or not, incl. crabs in shell, cooked by steaming ...					
1	Bahrain	30.50	49.50%	20.00%	10
2	Pakistan	11.14	18.10%	20.00%	17
3	USA	8.48	13.70%	20.00%	4
4	Tunisia	2.68	4.30%	20.00%	21
5	China	1.76	2.90%	0.00%	3
030499 Frozen fish meat n.e.s. (excluding fillets)					
1	Viet Nam	75.53	62.50%	0.00%	2
2	India	18.80	15.60%	5.00%	5
3	Indonesia	9.74	8.10%	0.00%	8
4	Pakistan	9.32	7.70%	5.00%	16
5	China	1.58	1.30%	0.00%	4
030349 Frozen tunas of the genus "Thunnus" (excluding Thunnus alalunga, Thunnus albacares, Thunnus ...					
1	Indonesia	4.09	41.60%	0.00%	7
2	Viet Nam	2.52	25.70%	0.00%	8
3	China	2.45	24.90%	0.00%	11
4	Korea, Republic of	0.28	2.80%	0.00%	23
5	Ecuador	0.20	2.00%	0.00%	77
030243 Fresh or chilled sardines "Sardina pilchardus, Sardinops spp.", sardinella "Sardinella spp.",					
1	Myanmar	3.25	74.10%	0.00%	7
2	Malaysia	0.60	13.60%	0.00%	20
3	Japan	0.50	11.30%	0.00%	47
4	France	0.02	0.40%	0.00%	8
5	Cambodia	0.02	0.40%	0.00%	-

Source: ITC, Trade Map

The Average Unit Prices charged by the top suppliers of seafood to Thailand are shown in the table below. It is noted that Pakistan is among the top suppliers of fish in Thailand, yet it is getting lower prices compared to its competitors, partly due to the quality and type of the seafood being exported. Thailand's share in Pakistan's exports of 'Frozen shrimps and prawns, even smoked, whether in shell or not,' (HS-030617) is 10.4 percent, significantly greater than that of Argentina and India; 4.2 percent and 0.3 percent, respectively.

Table 7-4 Average Unit Price Charged by the Top Suppliers to Thailand (2019)

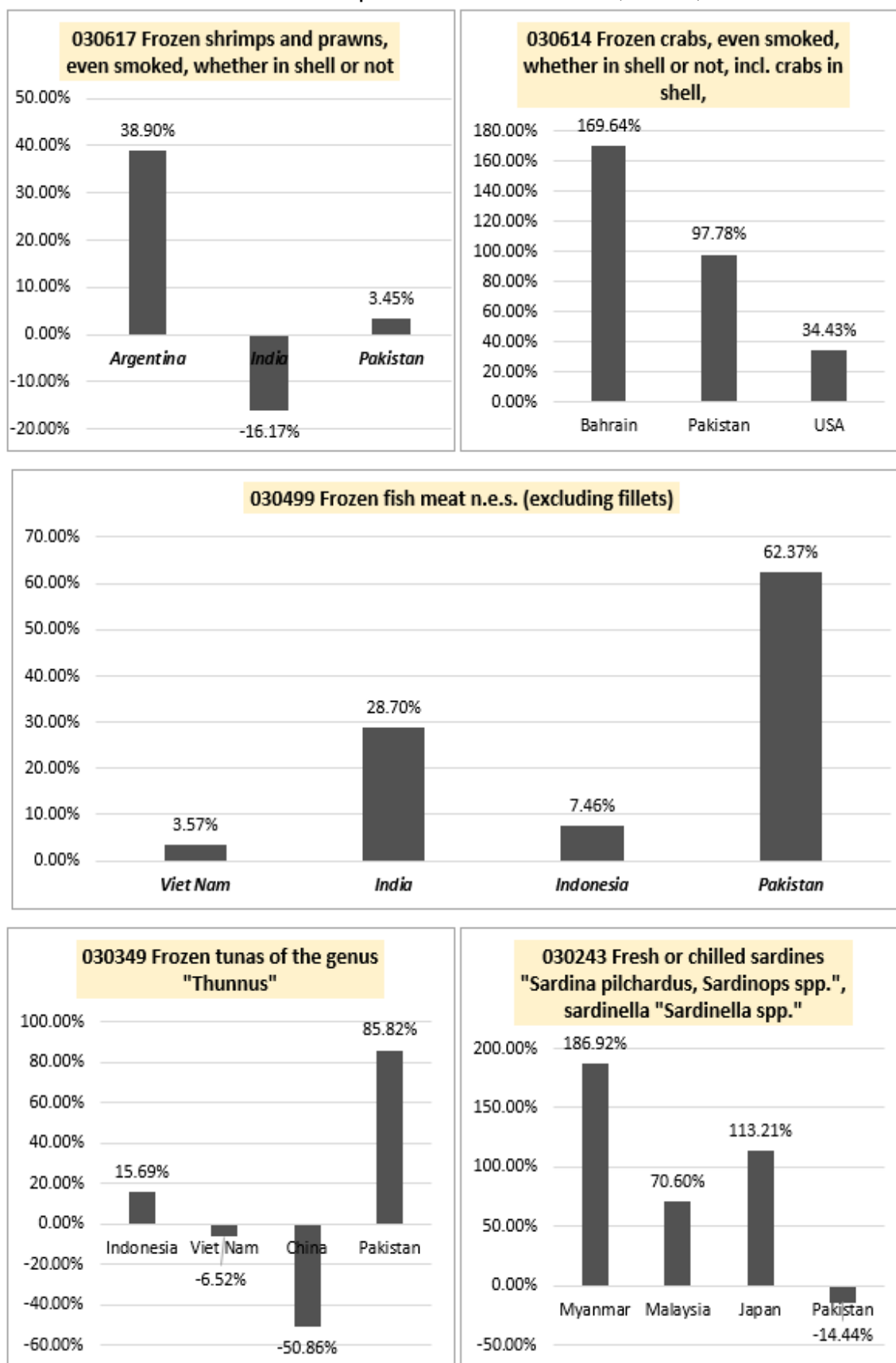
All values in US\$/Ton

Product Code	Product Label	Top Supplier: Average Unit Price
030617	Frozen shrimps and prawns, even smoked, whether in shell or not, incl. shrimps and prawns in ...	Argentina: 8,707 India: 6,443 Pakistan: 6,317
030614	Frozen crabs, even smoked, whether in shell or not, incl. crabs in shell, cooked by steaming ...	Bahrain: 3,037 Pakistan: 2,404 USA: 22,426
030499	Frozen fish meat n.e.s. (excluding fillets)	Viet Nam: 2,314 India: 2,666 Indonesia: 2,566 Pakistan: 2,554
030349	Frozen tunas of the genus "Thunnus" (excluding Thunnus alalunga, Thunnus albacares, Thunnus ...	Indonesia: 1,540 Viet Nam: 1,719 China: 840 Pakistan: 1,139
030243	Fresh or chilled sardines "Sardina pilchardus, Sardinops spp.", sardinella "Sardinella spp.", ...	Myanmar: 410 Malaysia: 491 Japan: 29,176

Source: ITC, Trade Map

Except for 'Fresh or chilled sardines "Sardina pilchardus, Sardinops spp.", sardinella "Sardinella spp." (HS-030243), Pakistan has witnessed an increase in the exports of the top potential products under review. Exports of Argentina for the product 'Frozen shrimps and prawns, even smoked, whether in shell or not,' (HS-030617) grew at a CAGR of around 39.0 percent. Pakistan's exports to Thailand for the same product grew by a meager 3.5 percent CAGR.

FIGURE 7-3 Compound Annual Growth Rates (2015-19)



Source: ITC, Trade Map

The following table shows the Export Competitiveness Index (ECI) of the top 10 supply markets to Thailand for the product 'Frozen shrimps and prawns, even smoked, whether in shell or not' (HS-030617). In the fisheries sector, Pakistan has the highest export potential in this product. However, it is the third-largest import sourcing market for Thailand. For this reason, the study has calculated the ECI to determine Pakistan's position in the international market for the export of 'Frozen shrimps and prawns, even smoked, whether in shell or not' (HS-030617). Pakistan is the second most competitive country after India. The ECI has been calculated using two variables: trade indicator and capacity indicator.⁵¹

Table 7-5 Export Competitiveness Index for HS-030617

Top Supplying Markets	ECI 2015	ECI 2019	ECI Rank 2019
India	94.94	77.21	1
Pakistan	14.45	12.24	2
Bangladesh	11.32	9.21	3
Mexico	8.83	7.21	4
Viet Nam	6.72	5.45	5
Argentina	3.13	2.54	6
Mozambique	-	1.72	7
Madagascar	1.76	1.52	8
Australia	1.73	1.43	9
Ecuador	1.17	0.98	10

Source: ITC, Trade Map; World Bank World Development Indicators

7.1.3 Non-Tariff Barriers (NTBs) Imposed by Thailand

For imports of food products including animal products, the importers and consumers have to meet the requirements determined by the Food and Drug Administration (FDA). All FDA registered goods are electronically screened before they can enter Thailand. Moreover, in Thailand Technical Barriers to Trade (TBT) are mostly related to quality standards, inspections and testing.⁵² Most measures fall under the category of Sanitary and Phytosanitary (SPS). Sanitary and Phytosanitary (SPS) are important trade measures ratified by the WTO. Pakistan's exports cannot reap full benefits from any trade agreement unless they satisfy the health and safety concerns of the importing countries.⁵³

Table 7-6 Non-Tariff Barriers (NTBs) imposed by Thailand on the world on import of HS-030617

Partner affected	Requirements	Phase	Measures
All Members	Export-related measures	In force	7
All Members	Price control measures	In force	2
All Members	Quantity control measures	In force	2
All Members	Sanitary and Phytosanitary	In force	40
All Members	Technical Barriers to Trade	In force	8
Bilateral	Export-related measures	In force	11
Total Number of NTBs imposed on HS-030617			70

Source: UNCTAD TRAINS - Non-Tariff Measures

⁵¹ The trade indicator is the ratio of a country's export of a specific product to the world's export of that product, while the capacity indicator is the ratio of a country's export of a particular product to the population of that country. The capacity indicator tells us the per capita export value of the particular product. The average of the trade indicator and the capacity indicator makes the export competitive index.

⁵² Addressing non-tariff measures in ASEAN. Retrieved from: <https://www.econstor.eu/bitstream/10419/103850/1/768613337.pdf>

⁵³ Fisheries Industry and Trade with China under CPFTA Phase 2. (2019). The Employers' Federation of Pakistan

7.1.4 Pakistan’s Vision East Asia and Exports of Seafood

Pakistan is keen to strengthen trade ties with ASEAN countries in line with Pakistan’s ‘Vision East Asia Policy.’ The foreign minister of Pakistan reaffirmed this at the 53rd ASEAN day event, held on August 8th, 2020. Recognizing Pakistan as a significant exporter of aquatic animals, there seems to be a similar interest among the ASEAN countries in building new trade relations with Pakistan.⁵⁴ Pakistan can effectively exploit its comparative advantage in seafood exports. This section will determine the export potential of Pakistan’s fisheries sector in ASEAN and the Thai markets. For this purpose, the study has used Revealed Comparative Advantage (RCA), Export Product Dynamic (EPD), and X-Model methods. This procedure is adapted from (Luhur *et al.*, 2019).⁵⁵

The Revealed Comparative Advantage index is used to compute a country’s advantage (disadvantage) over others in a specific product group.

$$RCA_{ik} = \frac{X_{ik}/X_{wk}}{X_i/X_w}$$

Where X represents the value of exports, and i, j, and w indicate the type of product/sector, country, and the world, respectively. A country has strong competitiveness if the value of RCA index exceeds 1. Otherwise, a country has weak competitiveness if RCA index’s value is less than one 1.

Table 7-7 RCA Estimation Results of the Pakistani Fishery Export to ASEAN and Thailand (2019)

Product Code	Product Label	Thailand	Malaysia	Indonesia	Singapore
0301	Live Fish	0.00	0.00	0.00	0.00
0302	Fish, Fresh or Chilled	0.82	0.31	30.67	0.00
0303	Frozen Fish	66.73	42.16	18.73	7.94
0304	Fillets and Fish Meat	33.86	4.63	0.00	12.82
0305	Dried/Salted/Smoked Fish	0.00	0.00	0.00	0.00
0306	Crustaceans	63.23	14.20	13.55	1.23
0307	Molluscs	4.02	0.00	0.00	0.00
0308	Aquatic Invertebrates	0.00	0.00	0.00	0.00

Source: ITC, Trade Map

This study also used the Export Product Dynamic (EPD) matrix to analyze Pakistan’s fisheries products’ competitive advantages. This model was initially developed by (Nabi & Luthria, 2002) and was later used by various scholars. The EPD indicators help determine a country’s export products market position for a specific market destination. As shown in the figure below, the EPD matrix competitiveness position consists of ‘Lost Opportunity’, ‘Rising Star’, ‘Retreat’ and ‘Falling Star.’

Table 7-8 Export Product Dynamics (EPD) Position Matrix Competitiveness.

Share of country’s export in world trade	Share of product in world trade	
	Rising (dynamic)	Falling (stagnant)
Rising (competitiveness)	<i>Rising star</i>	<i>Falling star</i>
Falling (non-competitiveness)	<i>Lost opportunity</i>	<i>Retreat</i>

Source: Estherhuizen, 2006; Wiranthi, et al., 2017

54 Can CPEC help Pakistan revive its Vision East Asia Policy? Retrieved from: <https://southasianvoices.org/can-cpec-help-pakistan-revive-its-vision-east-asia-policy/>

55 Luhur, E. S., Mulatsih, S., & Puspitawati, E. (2019). Competitiveness Analysis of Indonesian Fishery Products in ASEAN and Canadian Markets. Signifikan: Jurnal Ilmu Ekonomi, 8(1), 105-120.

FIGURE 7-5 Export Product Dynamic (EPD) Matrix



Source: (Esterhuizen, 2006)

The table below shows the market position of Pakistani fishery products in Thailand and ASEAN. The EPD estimation results depict that Pakistani 'Crustaceans' (HS-0306) and 'Aquatic Invertebrates' (HS-0308) in Thailand, Malaysia, and Indonesia were falling in the 'Rising Star' position, which showed that Pakistan was able to meet the growing demand in these countries. Moreover, Pakistani 'Frozen Fish' (HS-0303), 'Fillets and Fish Meat' (HS-0304), and 'Molluscs' (HS-0307) acquired a 'Rising Star' position in the Thai market.

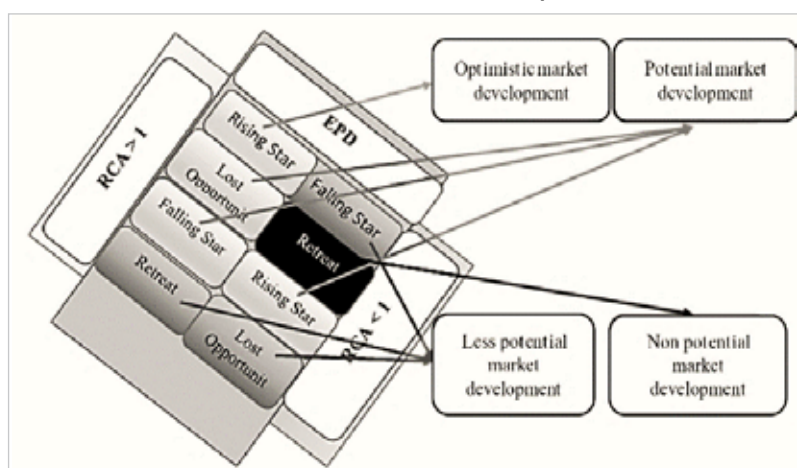
Table 7-9 EPD Estimation Results of the Pakistani Fishery Export to ASEAN and Thailand (2019)

Product Code	Product Label	Thailand	Malaysia	Indonesia	Singapore
0301	Live Fish	Lost Opportunity	Rising Star	Lost Opportunity	Retreat
0302	Fish, Fresh or Chilled	Lost Opportunity	Lost Opportunity	Lost Opportunity	Retreat
0303	Frozen Fish	Rising Star	Lost Opportunity	Lost Opportunity	Retreat
0304	Fillets and Fish Meat	Rising Star	Lost Opportunity	Lost Opportunity	Falling Star
0305	Dried/Salted/Smoked Fish	Lost Opportunity	Lost Opportunity	Rising Star	Falling Star
0306	Crustaceans	Rising Star	Rising Star	Rising Star	Retreat
0307	Molluscs	Rising Star	Lost Opportunity	Rising Star	Retreat
0308	Aquatic Invertebrates	Rising Star	Rising Star	Rising Star	Falling Star

Source:

To determine Pakistan's market development potential in Thailand and each ASEAN market under consideration, this study further used the X-Model of Potential Export Product method. The Revealed Comparative Advantage (RCA) and Export Product Dynamic (EPD) are used to determine the Pakistani fishery product's market development potential in the export destination country.

FIGURE 7-6 X-Model of Potential Export Product



Source: (Luhur et al., 2019)

The following table shows Pakistani fishery products’ market development status based on the RCAs and EPD calculated above. The X-model estimates show that Thailand, Malaysia, and Indonesia indicate a positive and potential market development status, which means all three markets have a significant potential to develop for Pakistani fishery products.

Table 7-10 The Market Development Strategy for Pakistani Fishery Products in Thailand and ASEAN markets during 2015-19

	Optimistic Market	Potential Market	Less Potential Market	Non-Potential Market Development
Thailand	HS-0303: Frozen Fish HS-0304: Fillets and Fish Meat HS-0306: Crustaceans HS-0307: Molluscs	HS-0308: Aquatic Invertebrates	HS-0301: Live Fish HS-0302: Fish, Fresh or Chilled HS-0305: Dried/Salted/Smoked Fish	-
Malaysia	HS-0306: Crustaceans	HS-0301: Live Fish HS-0303: Frozen Fish HS-0304: Fillets and Fish Meat HS-0308: Aquatic Invertebrates	HS-0302: Fish, Fresh or Chilled HS-0305: Dried/Salted/Smoked Fish HS-0307: Molluscs	-
Indonesia	HS-0306: Crustaceans	HS-0302: Fish, Fresh or Chilled HS-0303: Frozen Fish HS-0305: Dried/Salted/Smoked Fish	HS-0301: Live Fish HS-0304: Fillets and Fish Meat HS-0307: Molluscs HS-0308: Aquatic Invertebrates	-
Singapore	-	HS-0304: Fillets and Fish Meat	HS-0303: Frozen Fish HS-0305: Dried/Salted/Smoked Fish HS-0306: Crustaceans HS-0308: Aquatic Invertebrates	HS-0301: Live Fish HS-0302: Fish, Fresh or Chilled HS-0307: Molluscs

7.2 Trade in Textiles in a Pakistan – Thailand FTA

Textiles has consistently remained an important sector and it contributed 59.9 percent to exports in 2019-20, further, it accounted for about one-fourth (25 percent) of the industrial value-addition. It employed 40 percent of the industrial labour force in 2018-19. According to the Pakistan Economic Survey 2019-20, the textile sector registered a decline of 2.6 percent. The industry contracted by 0.2 percent in FY19. The World Bank reported that the textile industry will face a sharp decline post COVID-19 and could subsequently recover, however it would do so slowly.⁵⁶ On the other hand, the textile sector had a significant impact on large-scale manufacturing with the highest value of 20.91 of Quantum Index of Manufacturing (QIM).⁵⁷

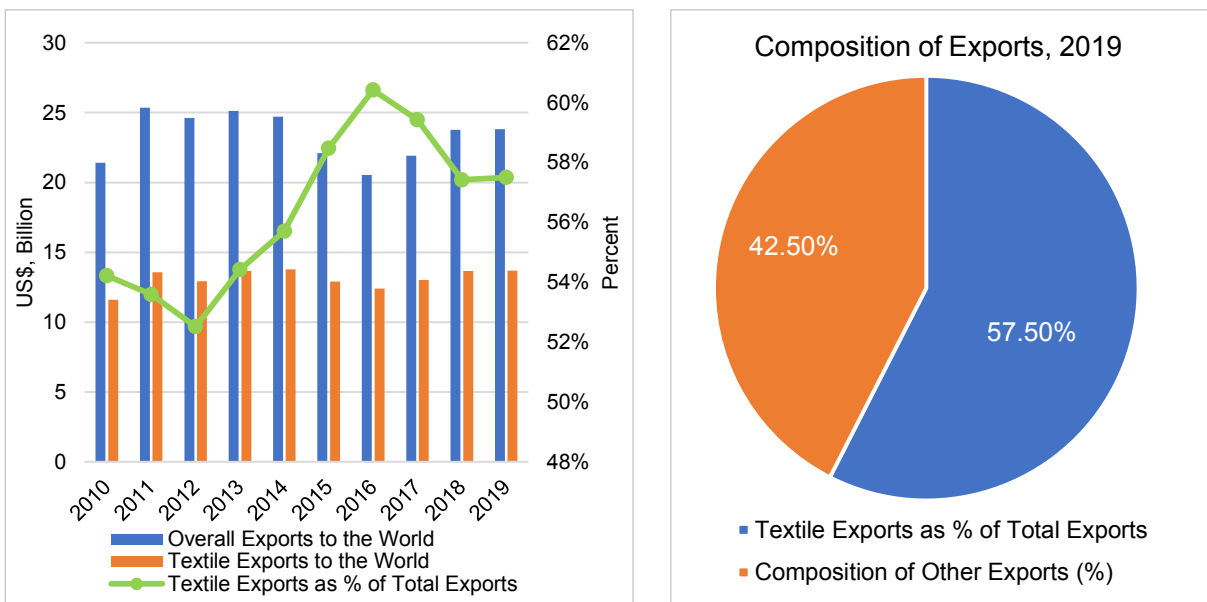
Table 7-11 Contribution of Textiles to the National Economy

Variable	Contribution of Textiles to National Economy (%)
Share in GDP	8.50%
Share in Industrial Labour Force	40.00%
Share in Industrial Value Addition	25.00% (1/4th)
Share in Large Scale Manufacturing	21.00%
Share in Total Exports	59.94%
Share in FDI	1.43%

Source: Pakistan Economic Survey 2018-19 & 2019-20, State Bank of Pakistan

A significant portion of Pakistan's exports comprise of textiles, indicating the sector's significance for Pakistan. Textile exports earn as much as 59.9 percent of Pakistan's total export earnings. Textile exports in 2019 have increased by 0.3 percent compared to 2018, of which the most significant increase was recorded in the exports of knitted or crocheted fabrics.

FIGURE 7-7 Share of Textile Exports in Total Exports



Source: ITC, Trade Map

56 World Bank predicts Pakistan's GDP growth at -0.2pc next fiscal. Retrieved from: <https://www.thenews.com.pk/print/670634-world-bank-predicts-pakistan-gdp-growth-at-0-2pc-next-fiscal>

57 An index number that purports to show the changes in quantity, usually of goods produced, sold, or purchased, independently of changes in prices or money values.

Table 7-12 Pakistan's Top Destinations for Export of Textile Products (HS 50-63)

Importers	Exported value in 2019 (US\$, Millions)	Textiles (as % of Total Exports to Destination)	Rank
World	13,696.38	57.50%	1
United States of America	3,387.43	83.80%	2
United Kingdom	1,353.37	80.45%	3
Germany	1,011.63	75.22%	4
China	895.53	43.84%	5
Netherlands	856.60	80.94%	6
Spain	820.73	86.48%	7
Bangladesh	593.52	74.84%	8
Italy	556.17	68.63%	9
Belgium	456.96	76.45%	10
Thailand	15.61	6.11%	58

Source: ITC, Trade Map

Following is a list of top 10 import sourcing markets from which Thailand imports textile products (HS 50-63). The share of each country in total textile imports along with their CAGR for the period 2010–19 is also given. China is the largest source for Thailand's imports of textiles with 41.5 percent of Thailand's total textile imports. Pakistan is the 23rd largest source country for Thailand with a share of 0.4 percent, along with a negative CAGR of 6.2 percent.

Table 7-13 Top Sourcing Markets for Thailand's Imports of Textile Products (HS 50-63)

All values in US\$, Millions

Exporters	2015	2016	2017	2018	2019	Rank	Share in Total Textile Imports 2019 (%)	CAGR 2010–19 (%)
World	4,440.83	4,525.66	4,740.92	5,411.09	5,394.20			3.35%
China	1,657.52	1,809.88	1,832.07	2,194.23	2,238.53	1	41.50%	6.06%
Viet Nam	206.70	222.94	277.74	361.66	442.91	2	8.21%	15.11%
United States of America	314.77	270.71	349.04	403.07	364.23	3	6.75%	1.37%
Japan	353.10	376.21	370.21	381.67	344.08	4	6.38%	-0.08%
Taipei, Chinese	379.69	351.18	357.14	352.78	336.01	5	6.23%	-1.81%
India	128.92	142.43	185.18	229.55	206.85	6	3.83%	6.30%
Indonesia	162.77	143.99	147.69	167.40	165.40	7	3.07%	1.76%
Korea, Republic of	157.50	152.70	167.30	172.71	160.19	8	2.97%	1.44%
Italy	85.36	77.84	77.00	99.81	113.17	9	2.10%	7.62%
Hong Kong, China	90.17	92.37	91.16	96.55	110.23	10	2.04%	-1.06%
Pakistan	33.39	22.37	23.61	26.65	23.59	23	0.44%	-6.15%

Source: ITC, Trade Map

7.2.1 Thailand's Imports of Textile Articles (HS 50-63)

Thailand imported \$5,394.21 million worth of textile products from the world, out of which 43.7 percent was categorized under 'Man-Made Filaments' (HS-54), 'Woven Apparel' (HS-62) and 'Cotton' (HS-52), amounting to \$857.58 million, \$773.32 million and \$726.17 million, respectively.

The following table shows Thailand's imports of textile articles from the world. The following table also demonstrates Pakistan's share as a supplier of these goods to Thailand along with the top 3 supplying markets and their share in Thailand's imports. The tariff rate⁵⁸ applied by Thailand on these leading three suppliers, as well as tariff applied on Pakistan are also shown.

The objective of this exercise is to determine which goods from the textile sector should be included in Thailand's concession list. Keeping in view Thailand's demand for textile articles from the world, Pakistan should seek market access not only for current exports but also to try to obtain access for products with robust growth rates. CAGR's for Thailand's imports from the world are also shown to identify suggestive future trends and goods in demand on which Pakistan also needs to focus.

Table 7-14 Thailand's Imports of Textile Articles (HS 50-63): A Comparison

All values in US\$, Millions

Code	Product label	Thailand's Imports from the world in 2019	CAGR of Thailand's Imports from the world 2010-19 (%)	Top 3 Suppliers for Thailand's Imports and Share in Thailand's Imports (%)	Average Tariff (estimated) Applied by Thailand (%)	Thailand's Imports from Pakistan in 2019	Trade Potential for Pakistan 2019	CAGR of Thailand's Imports from Pakistan 2010-19 (%)	Pakistan's Share in Thailand's Imports (%)	Ad Valorem Equivalent Tariff Applied by Thailand on Pakistan (%)
TOTAL	All Products	240,139.20	3.10%			294.471				
	Total Textile Imports	5,394.21	3.35%			23.59				
520100	Cotton, neither carded nor combed	394.67	-6.60%	USA, 62.8% Brazil, 12.4% Mali, 4.6%	0.00%	2.327	21.64	-28.84%	0.19%	0.00%
540233	Textured filament yarn of polyester (excluding that put up for retail sale)	131.37	0.04%	Viet Nam, 39.3% Taipei, Chinese, 26.9% China, 22.3%	3.70%	0.000	2.84	0.00%	0.00%	5.00%
540219	High-tenacity filament yarn of nylon or other polyamides (excluding sewing thread, yarn put ...)	119.70	1.63%	China, 23.7% Canada, 23.6% Japan, 21.3%	3.70%	0.000	0.00	0.00%	0.00%	5.00%
590220	Tyre cord fabric of high-tenacity polyester yarn, whether or not dipped or impregnated with ...	117.54	11.16%	China, 62.4% Korea, 18.7% Viet Nam, 13.3%	3.70%	0.000	0.54	0.00%	0.00%	5.00%
590210	Tyre cord fabric of high-tenacity yarn of nylon or other polyamides, whether or not dipped ...	108.59	2.88%	China, 70.9% Viet Nam, 13.3% Taipei, Chinese, 4.9%	3.70%	0.000	0.00	0.00%	0.00%	5.00%
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	105.85	22.16%	China, 39.1% Viet Nam, 13.6% Cambodia, 8.5%	28.10%	1.004	104.85	65.95%	2.07%	30.00%
600632	Dyed fabrics, knitted or crocheted, of synthetic fibres, of a width of > 30 cm (excluding warp	85.17	2.95%	Taipei, Chinese, 43.6% China, 39.6% Viet Nam, 7.1%	3.70%	0.000	1.06	0.00%	0.00%	5.00%

58 Average tariff (estimated) at the HS-06 level is calculated using simple averages of the underlying tariffs applied by the national tariff line.

All values in US\$, Millions

Code	Product label	Thailand's Imports from the world in 2019	CAGR of Thailand's Imports from the world 2010-19 (%)	Top 3 Suppliers for Thailand's Imports and Share in Thailand's Imports (%)	Average Tariff (estimated) Applied by Thailand (%)	Thailand's Imports from Pakistan in 2019	Trade Potential for Pakistan 2019	CAGR of Thailand's Imports from Pakistan 2010-19 (%)	Pakistan's Share in Thailand's Imports (%)	Ad Valorem Equivalent Tariff Applied by Thailand on Pakistan (%)
630790	Made-up articles of textile materials, incl. dress patterns, n.e.s.	84.98	8.07%	China, 37.0% Singapore, 22.2% Japan, 8.6%	9.40%	0.073	47.76	26.08%	0.19%	10.00%
600690	Fabrics, knitted or crocheted, of a width of > 30 cm (excluding of man-made fibres, cotton, ...	80.83	4.21%	Taipei, Chinese, 59.1% Viet Nam, 18.4% China, 14.5%	3.70%	0.000	9.45	0.00%	0.00%	5.00%
591190	Textile products and articles, for technical purposes, specified in Note 7 to chapter 59, n.e.s.	77.62	5.24%	Japan, 32.2% China, 28.7% USA, 9.3%	7.40%	0.000	1.82	0.00%	0.00%	10.00%
540752	Woven fabrics of yarn containing >= 85% by weight of textured polyester filaments, incl. monofilament ...	72.21	11.30%	China, 79.7% Taipei, Chinese, 5.2% Viet Nam, 4.0%	3.80%	0.002	6.63	0.00%	0.00%	5.00%
550320	Staple fibres of polyesters, not carded, combed or otherwise processed for spinning	69.36	1.42%	Taipei, Chinese, 27.2% China, 21.6% Korea, 18.5%	0.00%	0.000	5.64	-	0.22%	0.00%
600490	Knitted or crocheted fabrics, of a width of > 30 cm, containing >= 5% by weight elastomeric ...	63.88	-2.50%	Taipei, Chinese, 32.2% China, 21.7% Hong Kong, 21.3%	3.70%	0.000	0.00	-	0.01%	5.00%
621210	Brassieres of all types of textile materials, whether or not elasticated, incl. knitted or ...	63.84	13.38%	China, 71.7% Viet Nam, 15.0% Myanmar, 8.3%	22.40%	0.003	0.10	-	0.00%	30.00%
630900	Worn clothing and clothing accessories, blankets and travelling rugs, household linen and articles ...	62.15	9.05%	Korea, 19.0% Japan, 18.0% Pakistan, 11.2%	22.40%	7.592	29.29	36.49%	11.22%	30.00%
540769	Woven fabrics of yarn containing >= 85% by weight of mixtures of textured and non-textured ...	59.21	18.76%	China, 33.2% India, 26.1% Taipei, Chinese, 13.4%	3.70%	0.006	0.09	4.61%	0.01%	5.00%
590390	Textile fabrics impregnated, coated, covered or laminated with plastics other than poly"vinyl ...	58.31	0.00%	China, 50.4% Japan, 13.9% Philippines, 9.3%	3.70%	0.029	0.60	0.00%	0.00%	5.00%
610990	T-shirts, singlets and other vests of textile materials, knitted or crocheted (excluding cotton)	57.99	22.97%	China, 34.3% Viet Nam, 27.4% Cambodia, 14.4%	28.10%	0.083	57.88	34.91%	0.13%	30.00%
540761	Woven fabrics of yarn containing >= 85% by weight of non-textured polyester filaments, incl.	54.07	5.55%	China, 46.1% USA, 18.5% Japan, 11.0%	3.70%	0.000	0.07	0.00%	0.00%	5.00%

All values in US\$, Millions

Code	Product label	Thailand's Imports from the world in 2019	CAGR of Thailand's Imports from the world 2010-19 (%)	Top 3 Suppliers for Thailand's Imports and Share in Thailand's Imports (%)	Average Tariff (estimated) Applied by Thailand (%)	Thailand's Imports from Pakistan in 2019	Trade Potential for Pakistan 2019	CAGR of Thailand's Imports from Pakistan 2010-19 (%)	Pakistan's Share in Thailand's Imports (%)	Ad Valorem Equivalent Tariff Applied by Thailand on Pakistan (%)
621290	Corsets, braces, garters, suspenders and similar articles and parts thereof, incl. parts of ...	49.37	-0.80%	Hong Kong, 58.9% China, 20.5% Belgium, 13.6%	22.40%	0.002	0.27	-	0.00%	30.00%
600410	Knitted or crocheted fabrics, of a width of > 30 cm, containing >= 5% by weight elastomeric ...	48.49	8.47%	China, 42.0% Taipei, Chinese, 21.4% Viet Nam, 17.1%	3.70%	0.000	0.26	0.00%	0.00%	5.00%
620342	Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton (excluding ...	47.72	15.55%	China, 37.2% Bangladesh, 13.3% Viet Nam, 9.2%	28.10%	1.674	47.69	36.66%	3.31%	30.00%
590310	Textile fabrics impregnated, coated, covered or laminated with poly"vinyl chloride" (excluding ...	47.37	2.87%	China, 75.7% Japan, 5.7% Malaysia, 4.5%	3.70%	0.056	0.23	-8.23%	0.05%	5.00%
590320	Textile fabrics impregnated, coated, covered or laminated with polyurethane (excluding wallcoverings ...	41.74	19.43%	Japan, 42.2% China, 22.6% Korea, 20.1%	3.70%	0.000	3.01	-	0.00%	5.00%
540220	High-tenacity filament yarn of polyesters (excluding that put up for retail sale)	41.58	2.54%	Indonesia, 51.2% China, 21.1% Japan, 11.1%	3.70%	0.000	0.01	0.00%	0.00%	5.00%

Source: ITC, Trade Map

Key Findings:

- All the products listed above show Thailand's imports from the world, indicating Thailand's high demand and the need for Pakistani textile manufacturers to focus on these items.
- Pakistan is one of the top exporters for 'Worn clothing and clothing accessories, blankets and travelling rugs, household linen' (HS-630900) and the country's share in the Thai market is 11.2 percent, whereas, the potential to export the same item is \$29.29 million.
- Six of the top 25 items belong to the category of 'Man-Made Filaments' (HS-54), where Pakistan holds an insignificant share of less than 1 percent in all the products.
- Fourteen of the top 25 items are those products for which the CAGR for Thailand's imports from the world is higher than the CAGR for Thailand's imports from Pakistan, indicating Pakistan's ability to fulfill Thailand's demand.

7.2.2 Thailand's Imports of Textile Articles from Pakistan (HS 50-63)

Thailand's total imports from Pakistan amounted to \$294.47 million, out of which \$23.59 million were categorized under textile articles (HS 50-63). Textiles thus constituted 8.0 percent of total Thai imports from Pakistan in 2019.

The following table shows Thailand's top 25 imports of textile articles from Pakistan, along with Pakistan's share in Thailand's imports of these particular products. Compound Annual Growth Rates (CAGR) for the last ten years are also included to analyze Thailand's demand.

Table 7-15 Thailand's Imports of Textile Articles from Pakistan, 2019 (HS 50-63)

All values in US\$, Millions

Product Code	Product label	Thailand's Imports from Pakistan	Thailand's imports from the world	Pakistan's share in Thailand's Imports (%)	Pakistan's Trade Potential	CAGR of Thailand's Imports from Pakistan 2010-19 (%)	CAGR of Thailand's imports from the world 2010-19 (%)	Ad Valorem Equivalent Tariff Applied by Thailand on Pakistan (%)
TOTAL	All products	294.47	240,139.20	0.12%				
	Total Textile Products	23.59	5,394.21	0.44%				
630900	Worn clothing and clothing accessories, blankets and travelling rugs, household linen and articles ...	6.97	62.15	11.22%	29.29	36.49%	9.05%	30.00%
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	2.20	105.85	2.07%	104.85	65.95%	22.16%	30.00%
620462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton (excluding	1.82	36.79	4.95%	36.79	44.57%	11.96%	30.00%
620342	Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton (excluding ...	1.58	47.72	3.31%	47.69	36.66%	15.55%	30.00%
521211	Woven fabrics of cotton, containing predominantly, but < 85% cotton by weight, other than those ...	0.88	1.11	79.35%	1.11	-	-7.32%	5.00%
520100	Cotton, neither carded nor combed	0.74	394.66	0.19%	21.64	-28.84%	-6.60%	0.00%
611020	Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted ...	0.71	37.85	1.88%	37.72	55.97%	20.72%	30.00%
520942	Denim, containing >= 85% cotton by weight and weighing > 200 g/m ² , made of yarn of different ...	0.59	8.42	7.04%	7.78	-2.65%	1.96%	5.00%
610342	Men's or boys' trousers, bib and brace overalls, breeches and shorts of cotton, knitted or ...	0.58	15.49	3.77%	15.42	50.21%	60.85%	30.00%
540247	Filament yarn of polyester, incl. monofilament of < 67 decitex, single, untwisted or with a ...	0.42	21.86	1.93%	1.74	-	3.03%	5.00%
540781	Woven fabrics of yarn containing predominantly, but < 85% synthetic filament by weight, incl. ...	0.32	1.18	27.27%	1.19	-	13.64%	5.00%
580810	Braids in the piece	0.31	0.56	54.17%	0.12	-	15.25%	10.00%
611693	Gloves, mittens and mitts, of synthetic fibres, knitted or crocheted (excluding impregnated, ...	0.30	3.51	8.56%	3.52	-	14.00%	30.00%

All values in US\$, Millions

Product Code	Product label	Thailand's Imports from Pakistan	Thailand's imports from the world	Pakistan's share in Thailand's Imports (%)	Pakistan's Trade Potential	CAGR of Thailand's Imports from Pakistan 2010–19 (%)	CAGR of Thailand's imports from the world 2010–19 (%)	Ad Valorem Equivalent Tariff Applied by Thailand on Pakistan (%)
520512	Single cotton yarn, of uncombed fibres, containing >= 85% cotton by weight and with a linear ...	0.29	22.88	1.28%	22.85	-21.28%	9.47%	5.00%
610333	Men's or boys' jackets and blazers of synthetic fibres, knitted or crocheted (excluding wind-jackets ...	0.27	2.94	9.32%	2.94	-	27.86%	30.00%
520919	Woven fabrics of cotton, containing >= 85% cotton by weight and weighing > 200 g/m ² , unbleached ...	0.27	2.05	12.98%	1.99	-	2.19%	5.00%
521142	Denim, containing predominantly, but < 85% cotton by weight, mixed principally or solely with ...	0.27	6.71	3.98%	6.54	1.14%	19.82%	5.00%
610462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton, knitted ...	0.27	13.24	2.00%	13.14	-	15.38%	30.00%
520210	Cotton yarn waste, incl. thread waste	0.25	0.55	44.42%	0.52	14.16%	11.43%	0.00%
610343	Men's or boys' trousers, bib and brace overalls, breeches and shorts of synthetic fibres, knitted ...	0.20	20.67	0.98%	20.67	-	44.01%	30.00%
630231	Bedlinen of cotton (excluding printed, knitted or crocheted)	0.20	8.85	2.26%	8.85	-	13.84%	30.00%
621020	Garments of the type described in subheading 6201,11 to 6201,19, rubberised or impregnated, ...	0.20	3.34	5.87%	0.08	-	20.65%	20.00%
520829	Woven fabrics of cotton, containing >= 85% cotton by weight and weighing <= 200 g/m ² , bleached ...	0.19	8.84	2.14%	8.83	-	5.96%	5.00%
580890	Ornamental trimmings of textile materials, in the piece, not embroidered, other than knitted ...	0.17	3.09	5.36%	0.15	-	3.50%	10.00%
630790	Made-up articles of textile materials, incl. dress patterns, n.e.s.	0.16	84.98	0.19%	47.76	26.08%	8.07%	10.00%

Source: ITC, Trade Map

Key Findings:

- Items classified under 'Cotton' (HS-52) enjoyed a significant share of 16.5 percent in total textile imports of Thailand from Pakistan.
- Items with a significant share in Thailand's textile imports from the world are (HS-630900), (HS-521211), (HS-580810), (HS-520919), and (HS-520210).
- China is the largest supplier of 'T-shirts, singlets and other vests of cotton' (HS-610910) to Thailand with a share of 39.1 percent. For the same product, Pakistan has a trade potential of \$104.85 million.

- India is the largest supplier of 'Single cotton yarn, of uncombed fibres,' (HS-520512), to Thailand with a share of 46.5 percent. For the same product, Pakistan is the second largest exporter in the world after Viet Nam and the fifth largest import partner for Thailand. Given Pakistan's global strength in this article, Pakistan needs to negotiate tariff rates for this product to expand its untapped potential.
- Pakistan is the eighth largest supplier of 'Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton' (HS-620342) to Thailand with a further potential of \$47.69 million. Thailand's imports from the world for this product amounted to \$47.72 million. Pakistan's leading competitors for this product are China, Bangladesh and Viet Nam with market shares of 37.2 percent, 13.3 percent and 9.2 percent respectively.

The PBC recommends the inclusion of the following products in the concession list in any possible future negotiation for a trade agreement with Thailand. This list has been created based on the products for which the CAGR for Thailand's imports from Pakistan is greater than the CAGR of Thailand's imports from the world and these products are in the list of the top 25 Thailand's imports from Pakistan.

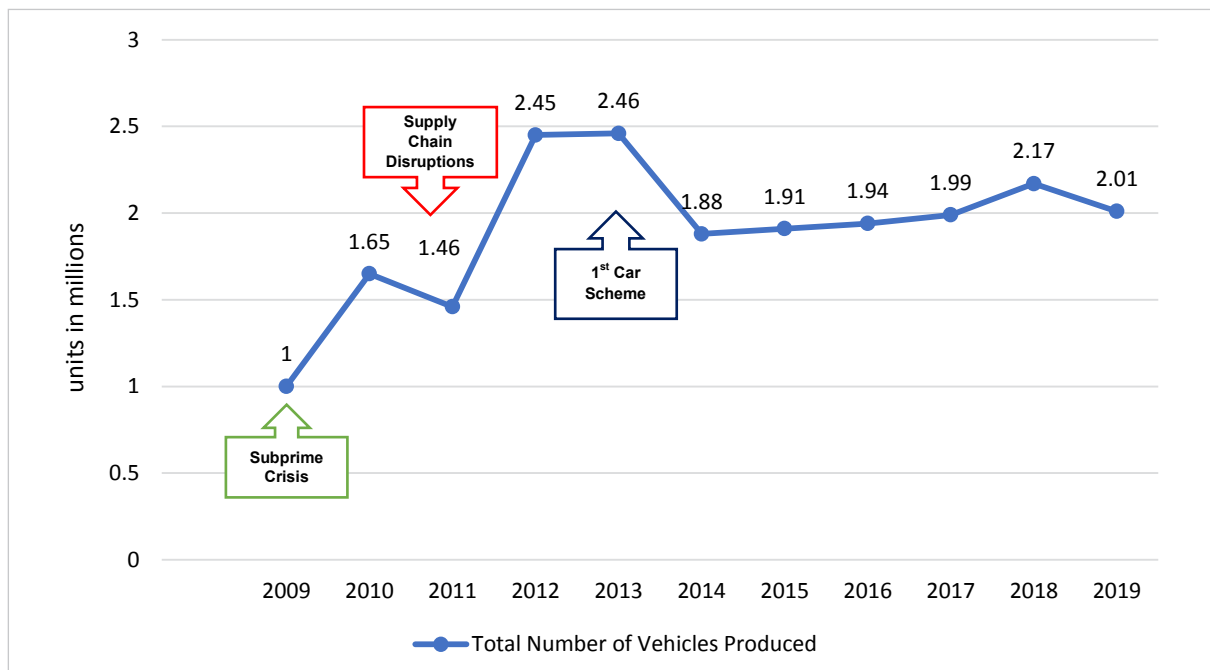
Product Code	Product Label	Product Code	Product Label
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	620462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton (excluding ...)
630790	Made-up articles of textile materials, incl. dress patterns, n.e.s.	630900	Worn clothing and clothing accessories, blankets and travelling rugs, household linen and articles ...
520210	Cotton yarn waste, incl. thread waste	610990	T-shirts, singlets and other vests of textile materials, knitted or crocheted (excluding cotton)
611020	Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted ...	620342	Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton (excluding ...)

7.3 Thailand's Automotive Industry

The Thai automotive industry owes its success to policy-induced incentives. Policies such as high protection against the import of Completely Built-up Units (CBU) attracted Multinational Enterprises (MNEs), whereas laws about Local Content Requirements (LCR) developed linkages with the domestic industry. As a result, Thailand is one of the few developing countries to reach a stage where CBU vehicles have become a significant export comprising mostly of locally manufactured parts & components.

The Thai automotive industry was booming before the Asian Financial Crisis of 1997; by 1998 production volume had dropped to 144,243 units from almost 600,000 units in 1996. By 2002, assembled vehicles' production volume reached nearly 600,000 units, almost the same as during the peak period. From 2002 to 2008, production increased steadily. However, the 2009-10 period saw the industry take a hit from the subprime crisis with production falling by 28 percent to 999,378 units. The year, 2011 proved to be a turbulent period for the country; the tsunami in Japan and the Great Flood in Thailand caused a severe shortage of auto parts leading to a dramatic fall in output. The next couple of years were indeed the golden years of the auto industry in Thailand. The government's 1st car scheme⁵⁹ and pent-up demand due to the 2011 floods led to a record output of 2.46 million units in 2013; this scheme led to increased household debt levels and a dramatic drop in the sales once the policy was withdrawn. From 2014 to 2016, output remained nearly constant and was recorded at 1.94 million units for 2016.

FIGURE 7-8 Total Number of Vehicles Produced 2009-19



Source: Statista

59 1st Car Scheme: Under the scheme, especially low-income earners have been encouraged to buy or reserve a car and benefit from tax bonuses. The populist scheme was originally meant as both an incentive for people to switch from motorbikes to cars and as a measure to boost car sales in Thailand.

Japanese auto corporations such as Toyota, Nissan, Suzuki, and Honda not only dominate the Thai market in numbers but were also the first to establish operations in the country. The concentration of Japanese firms is also evident from the FDI country-wise breakup shown in the table below. The United States ranked second in FDI till 2016 when Sweden overtook it. Other than the companies mentioned above, the following multinationals and domestic auto producers also operate in Thailand:

- BMW
- Daihatsu
- Daimler Chrysler
- Ford
- General Motors
- Isuzu
- Mazda
- Mercedes-Benz
- MG
- Mitsubishi
- Tata
- Thai Rung
- Vera
- Volkswagen
- Volvo
- Yontrakit Motors

Table 7-16 Foreign Investors - Manufacture of Motor Vehicles, Trailers and Semi-Trailers

All values in US\$, Millions

Country	2015	2016	2017	2018	2019
Japan	317.85	680.84	338.30	997.85	604.34
Sweden	388.58	299.68	208.44	458.69	350.57
United States	161.98	127.88	-326.66	-84.09	-5.22
China	-0.02	85.64	114.51	114.68	192.78
Netherlands	1.33	35.88	7.38	44.83	78.92
World	918.50	1,201.52	783.45	1,835.90	1,341.18

Source: Bank of Thailand

The sales pattern of the Thai auto industry is consistent with its production numbers. Although passenger cars depicted a fall in sales, from 0.35 million units' in 2015 to 0.33 million in 2016 (-7.95%), the sector appears to be on track to over-take the pick-up market in the coming years. The most noticeable hike in passenger car sales was recorded during the 2011-12 period, 83%, owing to the first car scheme and floods in the previous year. The overall increase in the market share can, however, be attributed to the introduction of eco-cars and the growth of the luxury car market in Thailand and abroad.

FIGURE 7-9 Total Car Production, Sales and Exports in Thailand, 2000-2019



Source: ThaiWebsites.com; Thailand Automotive Institute

The Thai auto industry has been one of the most significant forex earnings sources for more than a decade. The transition from self-sufficiency to becoming a net exporter of vehicles has undoubtedly borne fruit for Thailand. The top automobile corporations such as Toyota, Nissan, Ford, and General Motors use the country as a manufacturing base for their exports around the globe. This, in turn, has led to industrial development at a remarkable pace with several other leading brands setting-up operations in the country. The influx of automakers has also led to the development of ancillary firms to complement the growing sector. The table below shows the leading destinations of the Thai vehicular exports in the last decade. Since this section primarily discusses automobiles, we have singled out exports of HS-8703⁶⁰ and HS-8704⁶¹ as these headings cover most of the vehicles designed for personal and commercial uses. Moreover, in 2019 exports of the sub-headings mentioned above combined accounted for 61.4 of total exports of HS-87.

Australia, for long, has been the most popular destination for Thailand's vehicular exports. At the two-digit level, Australia accounted for 17.2 percent of the total exports of HS-87 in 2019. The strong trade ties with Australia are a result of the Thailand – Australia Free Trade Agreement (TAFTA), allowing Thailand duty-free access. The Philippines occupies the 2nd position, followed by Viet Nam and New Zealand. A significant chunk of Thailand's vehicular exports end up in ASEAN member states, 24.0 percent as of 2019. The rows highlighted in the table below show exports of HS- 8703 and HS-8704 to ASEAN member states.

Table 7-17 Thailand's Exports of Motor Vehicles and Parts (HS-8703) & (HS-8704)

All values in US\$, Millions

Importers	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
World	12,871.62	11,625.41	16,200.21	17,215.77	16,871.75	17,609.06	18,078.76	18,156.74	18,944.07	17,786.68
Australia	3,019.59	2,352.91	3,449.70	4,140.60	3,684.42	4,363.11	4,908.00	5,525.19	5,833.59	4,736.92
Philippines	832.42	576.78	808.67	996.81	1,289.31	1,781.86	2,031.64	2,143.85	2,305.88	1,851.88
Viet Nam	44.45	84.54	72.36	139.07	224.05	397.42	544.85	589.72	1,070.77	1,385.56
New Zealand	211.32	182.01	341.72	461.95	507.46	648.27	755.80	903.35	874.76	801.51
Saudi Arabia	1,046.66	790.45	1,180.26	1,418.73	1,527.67	1,402.94	1,057.48	713.42	566.45	786.41
China	24.69	83.07	75.09	36.07	20.26	21.98	367.34	493.73	240.71	691.79
Indonesia	1,186.81	1,287.38	1,992.13	1,379.78	1,003.66	720.73	804.71	640.14	579.94	567.23
Mexico	47.68	88.04	247.47	242.94	301.31	560.23	624.34	768.90	761.65	550.37
Malaysia	653.73	582.71	834.72	634.64	680.26	536.02	440.39	370.84	463.94	469.15
United Arab Emirates	275.82	365.45	586.36	707.12	697.44	591.06	510.72	322.02	376.20	397.44

Source: ITC, Trade Map

60 Product: 8703 Motor cars and other motor vehicles principally designed for the transport of persons, incl. station wagons and racing cars.

61 Product: 8704 Motor vehicles for the transport of goods, incl. chassis with engine and cab.

The table below shows Thailand's exports of Completely Built-up Units (CBU) at the six-digit level. To analyze the nature of exports, all vehicular exports meant for personal and recreational use have been grouped according to engine capacity, disregarding fuel type. Automobile exports from Thailand have been growing for the past five years, with export revenues of \$10.11 billion being recorded in 2019. However, as the table shows, the "Motor Vehicles with engine capacity > 1.50 cm³ but <= 3.00cm³" contribute a more significant share to the overall exports of CBUs. The higher proportion can be partly explained by the growing export market for luxury cars and partly because of the recent models launched by Suzuki and Mazda, to name a few.

Table 7-18 Exports of Vehicles (CBU) Engine Capacity-wise

All values in US\$, Millions

Code	Product Description	2015	2016	2017	2018	2019
Total Completely Built-up Units (CBUs)		9,496.91	11,607.08	10,473.41	10,665.84	10,111.07
870322 ⁶²	Motor Vehicles with engine capacity <= 1.500 cm ³	3,515.76	3,434.39	2,617.63	2,401.42	2,612.69
870321 ⁶³						
870331 ⁶⁴						
870323 ⁶⁵	Motor Vehicles with engine capacity > 1.50 cm ³ but <= 3.00cm ³	5,981.15	8,172.69	7,855.78	8,264.42	7,498.37
870332 ⁶⁶						
870333 ⁶⁷						
870324 ⁶⁸						

Source: ITC, Trade Map

Toyota Thailand, and Nissan showed the highest year-on-year growth, followed by Mazda and Honda. The table below shows the year-on-year increase in the number of CBUs exported by leading manufacturers. The dominance of Japanese brands is also visible in the domestic market.

- 62 Motor cars and other motor vehicles principally designed for the transport of persons, incl. station wagons and racing cars, with spark-ignition internal combustion reciprocating piston engine of a cylinder capacity > 1.000 cm³ but <= 1.500 cm³ (excluding vehicles for the transport of persons on snow and other specially designed vehicles of subheading 8703.10)
- 63 Motor cars and other motor vehicles principally designed for the transport of persons, incl. station wagons and racing cars, with spark-ignition internal combustion reciprocating piston engine of a cylinder capacity <= 1.000 cm³ (excluding vehicles for the transport of persons on snow and other specially designed vehicles of subheading 8703.10)
- 64 Motor cars and other motor vehicles principally designed for the transport of persons, incl. station wagons and racing cars, with compression-ignition internal combustion piston engine "diesel or semi-diesel engine" of a cylinder capacity <= 1.500 cm³ (excluding vehicles for the transport of persons on snow and other specially designed vehicles of subheading 8703.10)
- 65 Motor cars and other motor vehicles principally designed for the transport of persons, incl. station wagons and racing cars, with spark-ignition internal combustion reciprocating piston engine of a cylinder capacity > 1.500 cm³ but <= 3.000 cm³ (excluding vehicles for the transport of persons on snow and other specially designed vehicles of subheading 8703.10)
- 66 Motor cars and other motor vehicles principally designed for the transport of persons, incl. station wagons and racing cars, with compression-ignition internal combustion piston engine "diesel or semi-diesel engine" of a cylinder capacity > 1.500 cm³ but <= 2.500 cm³ (excluding vehicles for the transport of persons on snow and other specially designed vehicles of subheading 8703.10)
- 67 Motor cars and other motor vehicles principally designed for the transport of persons, incl. station wagons and racing cars, with compression-ignition internal combustion piston engine "diesel or semi-diesel engine" of a cylinder capacity > 2.500 cm³ (excluding vehicles for the transport of persons on snow and other specially designed vehicles of subheading 8703.10)
- 68 Motor cars and other motor vehicles principally designed for the transport of persons, incl. station wagons and racing cars, with spark-ignition internal combustion reciprocating piston engine of a cylinder capacity > 3.000 cm³ (excluding vehicles for the transport of persons on snow and other specially designed vehicles of subheading 8703.10)

Table 7-19 Top 10 Best Selling Models

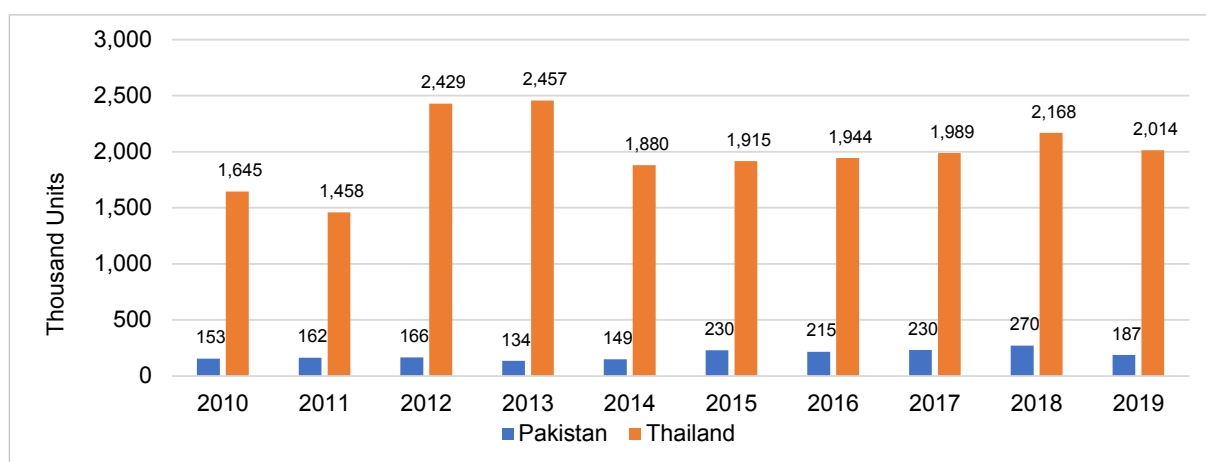
Rank	Maker/Brand	Model	Jan. 2019	Jan. 2018	Y-o-Y
1	Toyota	Hilux	17,883	10,690	67.30%
2	Isuzu	D-Max	16,758	14,090	18.90%
3	Toyota	Vitz (Yaris)	8,642	6,410	34.80%
4	Ford	Ford Ranger	5,006	4,869	2.80%
5	Mazda	Demio (Mazda 2)	4,507	3,373	33.60%
6	Honda	Honda City	4,166	3,440	21.10%
7	Mitsubishi	Triton (L200)	3,772	3,452	9.30%
8	Honda	Fit (Jazz)	3,324	2,689	23.60%
9	Toyota	Fortuner	2,872	3,115	-7.80%
10	Nissan	Frontier (Navara)	2,639	1,790	47.40% ¹⁰

Source: MarkLines Data Center

7.3.1 Comparison of Pakistan – Thailand Automotive Markets

If Thai auto manufacturers are given preferential tariff access to Pakistan's auto market, it could well spell doom for Pakistan's auto industry. Although Thailand is an upper-middle-income country, its auto industry is no less than its counterparts in developed countries such as the USA and Germany. The Thai industry is incredibly competitive when it comes to the assembly of models where volumes are not large enough to employ industrial robots to increase productivity. According to the World Bank classification of countries based on GDP per capita, Pakistan ranks as a lower-middle-income country, whereas Thailand falls in the upper-middle income country category. The ability to own a vehicle is highly correlated to the individual's income, for which GDP per capita can be used as a proxy to determine vehicle demand. Another indicator, more relevant to us, is the motorization rate.⁶⁹

In terms of global market share, the sheer size of the Thai auto industry, the number of producers, and the production scale outstrips the Pakistani industry. The figure below shows a comparison of production (units) between Pakistan and Thailand. As of 2019, Pakistan produced 187,000 vehicles, including passenger cars. Thailand, in the same period produced 2,014,000 units, roughly 11 times Pakistan's output.

FIGURE 7-10 Production of Motor Vehicles

Source: Wikipedia

⁶⁹ Motorization Rate: The number of passenger cars per 1000 inhabitants.

Table 7-20 Motorization Rate

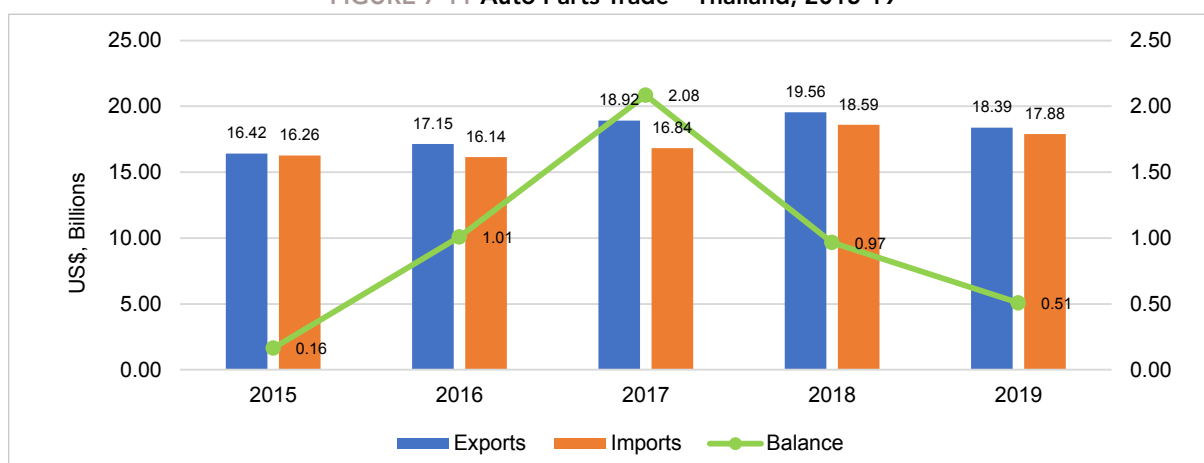
	Pakistan	Thailand
Motorization Rate	17/1,000 (2018)	226/1,000 (2015)

Source: Wikipedia,

7.4 The Thai Auto Parts Industry

The Thai auto parts industry, however, is not as export-oriented as the auto industry. The focus of manufacturers is towards exporting CBUs, as such parts manufacturers primarily serve the domestic manufacturers. Data extracted from the ITC trade map shows that in the year 2019, exports of auto-parts⁷⁰ equaled \$18.39 billion against imports of \$17.88 billion. The figure below shows Thailand’s overall trade scenario for the auto parts industry from 2015 to 2019.

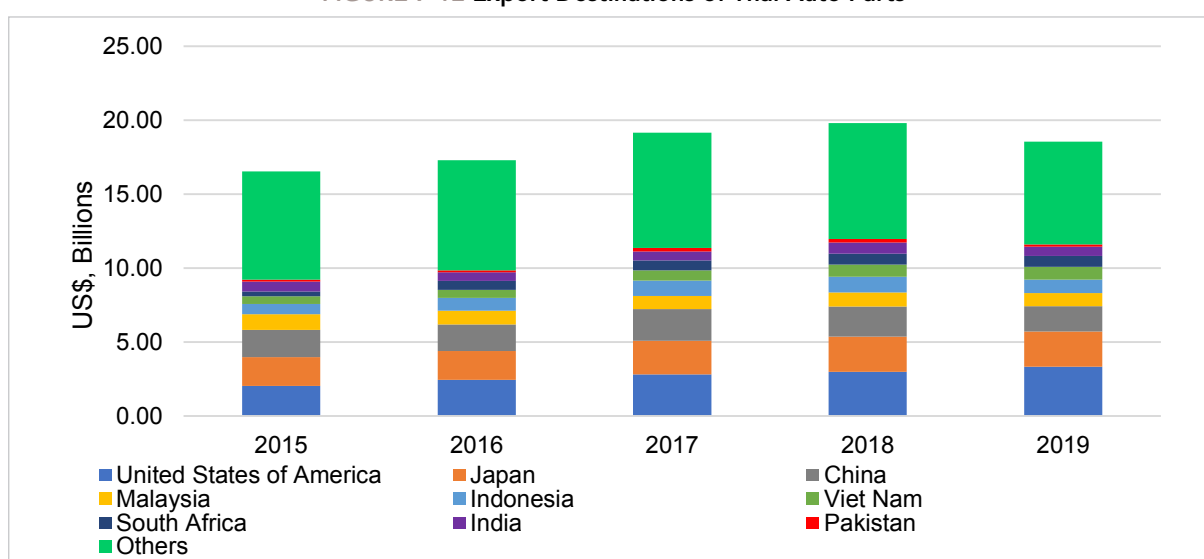
FIGURE 7-11 Auto Parts Trade – Thailand, 2015-19



Source: ITC, Trade Map

The figure below shows the significant export destinations for Thai Auto Parts. Although Pakistan’s share in Thailand’s total exports of auto parts is relatively insignificant, the reason to include Pakistan is to portray the sheer difference in each country’s market size.

FIGURE 7-12 Export Destinations of Thai Auto Parts

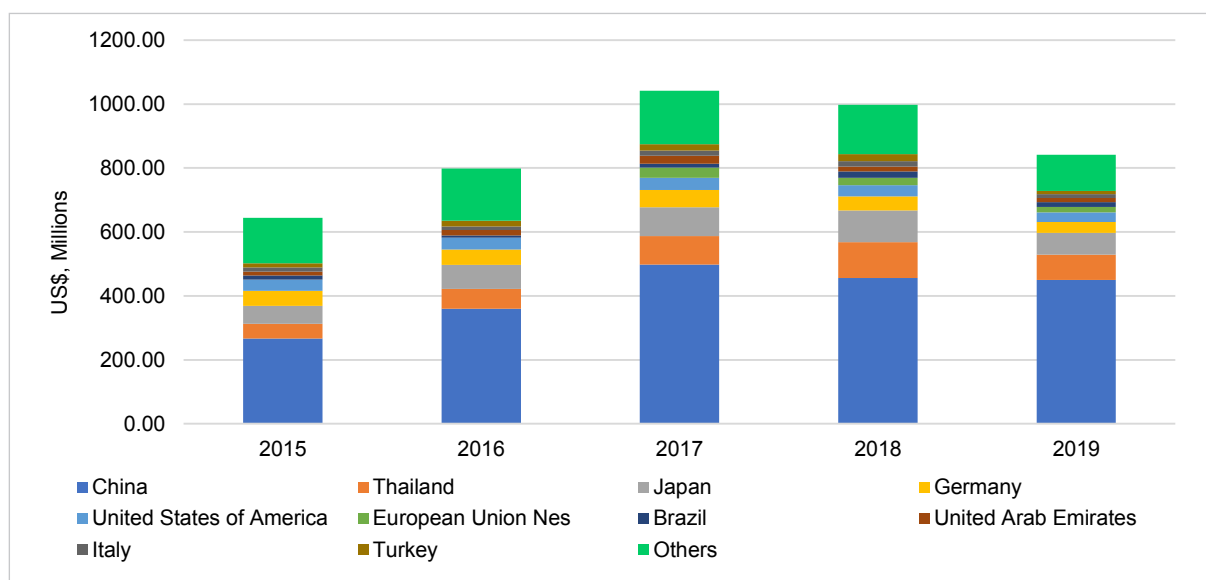


Source: ITC, Trade Map

70 The list of auto-parts has been adapted from <https://www.customslegalloffice.com/global/how-to-classify-vehicles-parts-under-hscode/>

The figure below shows the leading exporting countries of auto parts to Pakistan. China ranked first, followed by Thailand and Japan. Pakistan's overall import bill for auto parts in 2019 was \$841.17 million; as a comparison, Thailand exported to Malaysia alone auto parts worth \$809.92 million in 2019. The contrasting size should act as an alarm for Pakistan.

FIGURE 7-13 Import Origins of Auto Parts in Pakistan



Source: ITC, Trade Map

The table below lists the top 25 commodities from the auto parts sector in which Thailand has a high trade potential to export to Pakistan. The total trade potential for the top 25 products amounted to \$694.26 million in 2019. However, Thailand exported only \$146.91 million of those commodities to Pakistan. This vast gap indicates that Thailand can increase its exports of auto parts to Pakistan under an FTA.

Table 7-21 Thailand's Trade Potential to Export Auto Parts to Pakistan (2019)

All values in US\$, Millions

Product code	Product label	Thailand's exports to Pakistan	Pakistan's imports from world	Thailand's exports to world	Indicative Trade Potential	Tariff Applied by Pakistan	Number of non-tariff requirements faced by Thailand
TOTAL	All products	1,175.69	50,134.81	245,380.47	48,959.13		
	Total Auto Parts	146.91	841.17	18,391.28	694.26		
853710	Boards, cabinets and similar combinations of apparatus for electric control or the distribution ...	2.93	148.74	1,731.24	145.81	30%	3
850440	Static converters	0.11	128.99	1,435.36	128.88	15%	0
840991	Parts suitable for use solely or principally with spark-ignition internal combustion piston ...	26.66	96.09	663.83	69.43	27%	8
392690	Articles of plastics and articles of other materials of heading 3901 to 3914, n.e.s (excluding ...	4.66	45.89	931.83	41.23	11%	0
840999	Parts suitable for use solely or principally with compression-ignition internal combustion ...	0.30	40.80	626.74	40.50	26%	6

All values in US\$, Millions

Product code	Product label	Thailand's exports to Pakistan	Pakistan's imports from world	Thailand's exports to world	Indicative Trade Potential	Tariff Applied by Pakistan	Number of non-tariff requirements faced by Thailand
731815	Threaded screws and bolts, of iron or steel, whether or not with their nuts and washers (excluding ...	2.50	32.42	326.88	29.93	19%	0
848340	Gears and gearing for machinery (excluding toothed wheels, chain sprockets and other transmission ...	0.01	27.86	30.15	27.85	31%	4
841330	Fuel, lubricating or cooling medium pumps for internal combustion piston engine	5.19	26.54	434.19	21.35	33%	6
853400	Printed circuits	0.01	18.82	1,211.63	18.81	20%	1
851220	Electrical lighting or visual signalling equipment for motor vehicles (excluding lamps of heading ...	6.46	24.59	425.96	18.13	35%	3
848310	Transmission shafts, incl. cam shafts and crank shafts, and cranks	4.59	21.02	88.05	16.43	32%	5
401693	Gaskets, washers and other seals, of vulcanised rubber (excluding hard rubber and those of ...	0.58	14.73	122.08	14.15	15%	0
848330	Bearing housings for machinery, not incorporating ball or roller bearings; plain shaft bearings ...	0.03	12.50	27.26	12.47	20%	4
731210	Stranded wire, ropes and cables, of iron or steel (excluding electrically insulated products ...	0.07	12.24	222.69	12.17	20%	0
401110	New pneumatic tyres, of rubber, of a kind used for motor cars, incl. station wagons and racing ...	6.98	18.38	3,086.10	11.41	16%	0
841459	Fans (excluding table, floor, wall, window, ceiling or roof fans, with a self-contained electric ...	0.07	9.44	246.53	9.36	20%	4
853649	Relays for a voltage > 60 V but <= 1.000 V	0.84	9.53	51.58	8.69	19%	1
401699	Articles of vulcanised rubber (excluding hard rubber), n.e.s.	8.83	17.30	560.83	8.47	27%	0
848390	Toothed wheels, chain sprockets and other transmission elements presented separately; parts ...	0.69	8.15	103.86	7.45	31%	4
848360	Clutches and shaft couplings, incl. universal joints, for machinery	0.02	6.53	30.17	6.51	31%	4
902620	Instruments and apparatus for measuring or checking pressure of liquids or gases (excluding ...	0.01	6.34	19.09	6.33	3%	0
842123	Oil or petrol-filters for internal combustion engines	0.71	6.78	108.42	6.08	35%	0
731511	Roller chain of iron or steel	1.08	6.55	57.42	5.47	30%	3
903210	Thermostats	0.59	5.36	23.89	4.77	12%	2
731816	Nuts of iron or steel	0.69	4.96	57.73	4.27	19%	0

Source: ITC, Trade Map

7.4.1 Comparison of Pakistan – Thailand Auto Parts Markets

Market Potential Index (MPI)

The following table shows the Market Potential Index (MPI) for the automotive parts industry. The index aims to compare countries based on their market potential in the auto parts sector. This index also helps to identify new markets to export auto parts, rather than identifying new countries to invest in. The comparison is based on six dimensions: size, growth rate, capacity, openness, current logistics infrastructure, and country risk. Thailand has an advantage over Pakistan in terms of all the market potential indicators given below. If Pakistan was to grant preferential access to Thailand for imports of auto parts for local vehicle assembly, this would result in lower prices for the domestic consumers, and likely resulting in increased competition. However, this consumer benefit would be at the expense of the domestic auto-parts sector

Table 7-22 Market Potential Index (MPI) for Automotive Parts Industry

Country	Overall Rank	Market Size Index	Market Growth Rate Index	Market Capacity Index	Market Openness Index	Logistics Infrastructure Index	Country Risk Index	Overall Index
Thailand	36	9	66	8	71	30	54	29
Pakistan	83	2	81	2	40	26	21	15

Source: Automotive Parts Market Potential Index. (2017). <https://ibc-static.broad.msu.edu/sites/globaledge/medc/industry-mpi/pdfs/automotive-parts-MPI-Insights-and-Rankings-2017.pdf>

Intra-Industry Trade (IIT)

Intra-Industry Trade (IIT) measures the extent to which a country exports and imports similar or the same products. Intra-Industry Trade (IIT) is calculated using the Grubel-Lloyd indicator:

$$GL_{ij}^k = 1 - \frac{X_{ij}^k - M_{ij}^k}{X_{ij}^k + M_{ij}^k}$$

where, X_{ij}^k shows the export in a certain line of goods and M_{ij}^k is the import in a same line of products. The value of GLI index lies between 0 (no intra-industry trade) and 1 (overlap between exports and imports). However, the maximum value 1 (equal to 100 percent) is unachievable because the trade imbalance between the two trading partners results in a downward deviation of the Grubel-Lloyd Index (GLI). The following table shows the Grubel-Lloyd Index (GLI) for the top 25 products traded under the category of Auto parts. The results indicate that there exists no intra-industry trade between Pakistan and Thailand in the Auto Parts sector.⁷¹

71 At the 6-digit level, we are closer to products and hence more likely to identify niche specialization.

Table 7-23 GLI of Products under the Auto Parts Sector

Product Code	Product Label	GLI
853710	Boards, cabinets and similar combinations of apparatus for electric control or the distribution	0.002
850440	Static converters	0.018
840991	Parts suitable for use solely or principally with spark-ignition internal combustion piston ...	0.000
392690	Articles of plastics and articles of other materials of heading 3901 to 3914, n.e.s (excluding ...	0.009
840999	Parts suitable for use solely or principally with compression-ignition internal combustion ...	0.000
731815	Threaded screws and bolts, of iron or steel, whether or not with their nuts and washers (excluding ...	0.002
848340	Gears and gearing for machinery (excluding toothed wheels, chain sprockets and other transmission	0.250
841330	Fuel, lubricating or cooling medium pumps for internal combustion piston engine	0.001
853400	Printed circuits	0.000
851220	Electrical lighting or visual signalling equipment for motor vehicles (excluding lamps of heading ...	0.000
848310	Transmission shafts, incl. cam shafts and crank shafts, and cranks	0.001
401693	Gaskets, washers and other seals, of vulcanised rubber (excluding hard rubber and those of	0.000
848330	Bearing housings for machinery, not incorporating ball or roller bearings; plain shaft bearings	0.000
731210	Stranded wire, ropes and cables, of iron or steel (excluding electrically insulated products ...	0.000
401110	New pneumatic tyres, of rubber, of a kind used for motor cars, incl. station wagons and racing ...	0.002
841459	Fans (excluding table, floor, wall, window, ceiling or roof fans, with a self-contained electric ...	0.000
853649	Relays for a voltage > 60 V but ≤ 1.000 V	0.000
401699	Articles of vulcanised rubber (excluding hard rubber), n.e.s.	0.001
848390	Toothed wheels, chain sprockets and other transmission elements presented separately; parts ...	0.006
848360	Clutches and shaft couplings, incl. universal joints, for machinery	0.000
902620	Instruments and apparatus for measuring or checking pressure of liquids or gases (excluding	0.000
842123	Oil or petrol-filters for internal combustion engines	0.000
731511	Roller chain of iron or steel	0.000
903210	Thermostats	0.000
731816	Nuts of iron or steel	0.000

Why Automotive Sector?

- Pakistan imports auto parts from Thailand for local vehicle assembly. “Thailand is good at producing auto parts but it can’t flood Pakistan with these products even if we sign the FTA because the production of auto spare parts will be increasing in the Special Economic Zones in Pakistan,” *Pakistan’s exports to Thailand one-tenth of imports. (2018, September 2). The Express Tribune.* <https://tribune.com.pk/story/1793185/2-pakistans-exports-thailand-one-tenth-imports>
- “Thailand is ambitious to penetrate the automobile, auto parts etc sectors, which are all nascent industries in Pakistan and need time to build scale being poised against established countries like Thailand,” *Pakistan’s export potential too low to sign an FTA with Thailand. (2018, October 30). The Express Tribune.* <https://tribune.com.pk/story/1837515/pakistans-export-potential-low-sign-fta-thailand>
- “Thailand follows Turkey in demanding market access for the auto sector in Pakistan. In the last round of FTA negotiations held in Islamabad, Thai authorities conveyed that the agreement’s implementation would be linked with access to the auto sector in Pakistan.” *Khan, M. Z. (2017, March 10). Thailand demands access to auto sector under FTA. DAWN.COM.* <https://www.dawn.com/news/1319445/thailand-demands-access-to-auto-sector-under-fta>

References

- Ahmed, A. (2018b, July 2). 'Blue Revolution' to enhance fisheries production. DAWN.COM. <https://www.dawn.com/news/1417342>
- Arbeiter, K. (2017). The Impact of Logistics Performance on the Success of Trade Agreements.
- Automotive Parts Market Potential Index. (2017). <https://ibc-static.broad.msu.edu/sites/globaledge/medc/industry-mpi/pdfs/automotive-parts-MPI-Insights-and-Rankings-2017.pdf>
- Bangkok Post Public Company Limited. (2019, December 12). Trade chief vows 2020 FTA progress. <https://www.bangkokpost.com/business/1813959/trade-chief-vows-2020-fta-progress>
- BUSINESS WITH THAILAND : GENERAL INFORMATION – Thai-Pakistan Chamber Of Commerce. (n.d.). Thai - Pakistan Chamber of Commerce. Retrieved August 11, 2020, from <http://www.tpcc.or.th/general-information-with-thailand/>
- Cornell University, INSEAD, and WIPO (2019); The Global Innovation Index 2019: Creating Healthy Lives—The Future of Medical Innovation, Ithaca, Fontainebleau, and Geneva. pp. 1-451.
- Correspondent, O. (2019, November 6). Thailand awaits Pakistan's progress on FTA: Thai envoy. The News International. <https://www.thenews.com.pk/print/551308-thailand-awaits-pakistan-s-progress-on-fta-thai-envoy>
- Correspondent, O. (2020, July 08). Trade deficit shrank to \$23.18 bn in fiscal 2019-20. Retrieved August 10, 2020, from <https://www.thenews.com.pk/print/683759-trade-deficit-shrank-to-23-18-bn-in-fiscal-2019-20>
- Fisheries Industry and Trade with China under CPFTA Phase 2. (2019). <https://efp.org.pk/wp-content/uploads/2020/01/Fisheries-Industry-and-Trade-with-China-under-CPFTA-Phase-2.pdf>
- GlobalEDGE. (n.d.). Market Potential Index (MPI) - 2019 >> globalEDGE: Your source for Global Business Knowledge. <https://globaledge.msu.edu/mpi>
- Hamanaka, S., Tafgar, A., & Lazaro, D. (2010). Trade Facilitation Measures under Free Trade Agreements: Are They Discriminatory against Non-Members? (No. 55). ADB Working Paper Series on Regional Economic Integration.
- Human Development Index Ranking 2019 | Human Development Reports. (n.d.). Wwww.Hdr.Undp.Org. Retrieved August 7, 2020, from <http://hdr.undp.org/en/content/2019-human-development-index-ranking>
- Kiyak, T., Kocas, E., & Kunnathur, A. (2017). Market Potential Index 2014 (MPI©) Ranking of Major Countries for Market Expansion and Export Potential. globalEDGE Business Review, 8 (4), 1–6. Pobrano z: <https://globaledge.msu.edu/get-connected/globaledge-business-review, 2014>.
- Leeza, K. (2020, August 22). Can CPEC help Pakistan revive its Vision East Asia Policy? South Asian Voices. <https://southasianvoices.org/can-cpec-help-pakistan-revive-its-vision-east-asia-policy/>
- Luhur, E. S., Mulatsih, S., & Puspitawati, E. (2019). Competitiveness Analysis of Indonesian Fishery Products in ASEAN and Canadian Markets. Signifikan: Jurnal Ilmu Ekonomi, 8(1), 105-120.

Luhur, E. S., Mulatsih, S., & Puspitawati, E. (2019). Competitiveness Analysis of Indonesian Fishery Products in ASEAN and Canadian Markets. *Signifikan: Jurnal Ilmu Ekonomi*, 8(1), 105-120.

Mamoon, D., Paracha, S., Mughal, H., & Ayesha, A. (2011). Pakistan's trade competitiveness & complementarities in South Asia.

Ministry of Finance (2020). *Pakistan Economic Survey (2019-20)*.

Nabi, I., & Luthria, M. (2002). *Building Competitive Firms: Incentives and Capabilities*. World Bank.

Overview. (n.d.). World Bank. Retrieved August 11, 2020, from <https://www.worldbank.org/en/country/pakistan/overview#1>

Pakistan's export potential too low to sign an FTA with Thailand. (2018b, October 31). *The Express Tribune*. <https://tribune.com.pk/story/1837515/pakistans-export-potential-low-sign-fta-thailand>

Pakistan's exports to Thailand one-tenth of imports. (2018a, September 2). *The Express Tribune*. <https://tribune.com.pk/story/1793185/2-pakistans-exports-thailand-one-tenth-imports>

Reporter, O. S. (2020, March 8). Thailand, Pakistan have potential to do more trade, says Thai CG. *The Nation*. <https://nation.com.pk/08-Mar-2020/thailand-pakistan-have-potential-to-do-more-trade-says-thai-cg>

Sohaib, M., & Jamil, F. (2017). An Insight of Meat Industry in Pakistan with Special Reference to Halal Meat: A Comprehensive Review. *Korean Journal for Food Science of Animal Resources*, 37(3), 329–341. <https://doi.org/10.5851/kosfa.2017.37.3.329>

Thai Businessmen Enthusiastic About Importing Fish From... (2017, September 19). -. <https://propakistani.pk/2017/09/19/thai-businessmen-enthusiastic-importing-fish-pakistan/>

Thailand Board of Investment. (2014). THAILAND'S MACHINERY INDUSTRY. https://www.boi.go.th/upload/content/machinery_5a4fa7223243c.pdf

Thailand demands access to auto sector under FTA. (2017, March 10). *DAWN.COM*. <https://www.dawn.com/news/1319445/thailand-demands-access-to-auto-sector-under-fta>

Thailand's economy expands at slowest pace in nearly five years. (2019, August 19). *Nikkei Asian Review*. <https://asia.nikkei.com/Economy/Thailand-s-economy-expands-at-slowest-pace-in-nearly-five-years>

Thailand-Pakistan Relations - Royal Thai Embassy, Islamabad, Pakistan. (n.d.). Royal Thai Embassy, Islamabad, Pakistan. Retrieved July 30, 2020, from <http://www.thaiembassy.org/islamabad/en/relation/41875-Thailand-Pakistan-Relations.html>

Time to bring the baht to heel for sake of economy. (n.d.). <https://www.bangkokpost.com/opinion/opinion/1799529/time-to-bring-the-baht-to-heel-for-sake-of-economy>

Trade Facilitation - OECD. (n.d.). OECD. <http://www.oecd.org/trade/topics/trade-facilitation/#regional>

UNCTAD TRAINS - Non-Tariff Measures. (n.d.). TRAINS. <https://trains.unctad.org/Forms/TableView.aspx?mode=search>

Wiranthi, P. E., & Mubarak, F. (2017). Competitiveness and the Factors Affecting Export of the Indonesia Canned Pineapple in the World and the Destination Countries. *KnE Life Sciences*, 2(6), 339. <https://doi.org/10.18502/kls.v2i6.1056>

World Bank Group (2020). *Doing Business 2020*. Washington, DC: World Bank. DOI:10.1596/978-1-4648-1440-2.

World Bank Group. (2018). *Logistic Performance Index*. Washington, DC: World Bank.

World Development Indicators | DataBank. (n.d.). World Development Indicators, DataBank. <https://databank.worldbank.org/source/world-development-indicators>

World Economic Forum (2019). *The Global Competitiveness Report*. ISBN-13: 978-2-940631-02-5.

Annexure

Box 1: Dimensions and Measures of Market Potential for 2019		
Dimension	Weight	Measures Used
Market Size	25/100	<ul style="list-style-type: none"> Electricity Consumption (2016)¹ Urban Population (2017)¹
Market Intensity	15/100	<ul style="list-style-type: none"> GNI per Capita Estimates Using PPP (2017)¹ Private Consumption as a percentage of GDP (2017)¹
Market Growth Rate	12.5/100	<ul style="list-style-type: none"> Compound Annual Growth Rate (CAGR) of Primary Energy Use (2011-2016)² Compound Annual Growth Rate (CAGR) of GDP (constant 2005 US\$) (2012-2017)¹
Market Consumption Capacity	12.5/100	<ul style="list-style-type: none"> Consumer Expenditure (2018)⁴ Income Share of Middle-Class (2017)¹ Median Disposable Income per Household (2018)⁴
Commercial Infrastructure	10/100	<ul style="list-style-type: none"> Airport Connectivity (2018)¹¹ Cellular Mobile Subscribers (2017)³ Fixed Broadband Subscriptions (2017)³ Fixed Broadband Internet Speed (2019)¹³ Logistics Performance Index (LPI) (2018)¹² Paved Road Density (2018)⁴ Population per Retail Outlet (2018)⁴
Market Receptivity	10/100	<ul style="list-style-type: none"> Per Capita Imports from US (2018)⁷ Trade as a Percentage of GDP (2017)¹
Economic Freedom	7.5/100	<ul style="list-style-type: none"> Economic Freedom Index (2019)⁵ Political Freedom Index (2019)⁶
Country Risk	7.5/100	<ul style="list-style-type: none"> Business Risk Rating (2018)⁸ Country Risk Rating (2019)⁹ Political Risk Rating (2019)¹⁰

Data used are those available for most recent year. All sources were accessed in April 2018.

¹ Source: World Bank, [World Development Indicators](#)

² Source: U.S. Energy Information Administration, [International Energy Annual](#)

³ Source: International Telecommunication Union, [ICT Indicators](#)

⁴ Source: Euromonitor International, [Global Market Information Database](#)

⁵ Source: Heritage Foundation, [The Index of Economic Freedom](#)

⁶ Source: Freedom House, [Survey of Freedom in the World](#)

⁷ Source: U.S. Census Bureau Foreign Trade Division, [Country Trade Data](#)

⁸ Source: Swiss Export Risk Insurance, [Country Risk Survey](#)

⁹ Source: Coface, [Country Risk Survey](#)

¹⁰ Source: Credendo, [Country Risk Survey](#)

¹¹ Source: World Economic Forum, [Global Competitiveness Report](#)

¹² Source: World Bank, [Logistics Performance Index](#)

¹³ Source: Ookla, [Speed Test Global Index](#)

Source: Market Potential Index -2019, a study by MSU-CIBER (Michigan State University-Center for International Business Education and Research)

Table A-1: Tariff Lines under HS-03

All values in US\$, Millions

Product code	Product label	Pakistan's exports to Thailand 2019
03033900	Frozen flat fish "pleuronectidae, bothidae, cynoglossidae, soleidae, scophthalmidae and citharidae" ...	56.56
03031900	Frozen salmonidae (excluding trout and pacific, atlantic and danube salmon)	38.14
03032900	Frozen, nile perch (lates niloticus) and snakeheads (channa spp.)	22.71
03035400	Frozen mackerel "scomber scombrus, scomber australasicus, scomber japonicus"	12.71
03049900	Frozen fish meat n.e.s. (excluding fillets)	9.44
03061400	Frozen crabs, even smoked, whether in shell or not, incl. crabs in shell, cooked by steaming ...	8.75
03061700	Frozen shrimps and prawns, even smoked, whether in shell or not, incl. shrimps and prawns in ...	7.41
03077900	Smoked, frozen, dried, salted or in brine, even in shell, clams, cockles and ark shells "families ...	2.10
03034900	Frozen tunas of the genus "thunnus" (excluding thunnus alalunga, thunnus albacares, thunnus ...	1.76
03038900	Frozen fish, n.e.s.	1.57
03043900	Fresh or chilled fillets of carp "cyprinus carpio, carassius carassius, ctenopharyngodon idellus, ...	0.76
03073200	Mussels "mytilus spp., perna spp.", frozen, even in shell	0.37
03035300	Frozen sardines "sardina pilchardus, sardinops spp.", sardinella "sardinella spp.", brisling ...	0.15
03032400	Frozen catfish "pangasius spp., silurus spp., clarias spp., ictalurus spp."	0.13
03021900	Fresh or chilled salmonidae (excluding trout "salmo trutta, oncorhynchus mykiss, oncorhynchus ...	0.10
03024300	Fresh or chilled sardines "sardina pilchardus, sardinops spp.", sardinella "sardinella spp.", ...	0.10
03061200	Frozen lobsters "homarus spp.", even smoked, whether in shell or not, incl. lobsters in shell, ...	0.07
03074300	Cuttle fish and squid, frozen, with or without shell	0.07
03023200	Fresh or chilled yellowfin tunas "thunnus albacares"	0.06
03043200	Fresh or chilled fillets of catfish "pangasius spp., silurus spp., clarias spp., ictalurus ...	0.04
03075200	Octopus "octopus spp.", frozen	0.04
03048900	Frozen fish fillets, n.e.s.	0.02
03044900	Fresh or chilled fillets of fish, n.e.s.	0.01
03024900	Fresh or chilled indian mackerels "rastrelliger spp.", seerfishes "scomberomorus spp.", jacks, ...	0.01
03063600	Shrimps and prawns, whether in shell or not, live, fresh or chilled (excl. cold-water shrimps ...	0.01
03063900	Crustaceans, fit for human consumption, whether in shell or not, live, fresh or chilled (excl. ...	0.00
03063200	Lobsters "homarus spp.", whether in shell or not, live, fresh or chilled	0.00

Source: ITC, Trade Map



8th Floor, Dawood Centre,
M.T. Khan Road,
Karachi, Pakistan

T - +92 21 3563 0528 - 29
F - +92 21 3563 0530

.....
www.pbc.org.pk